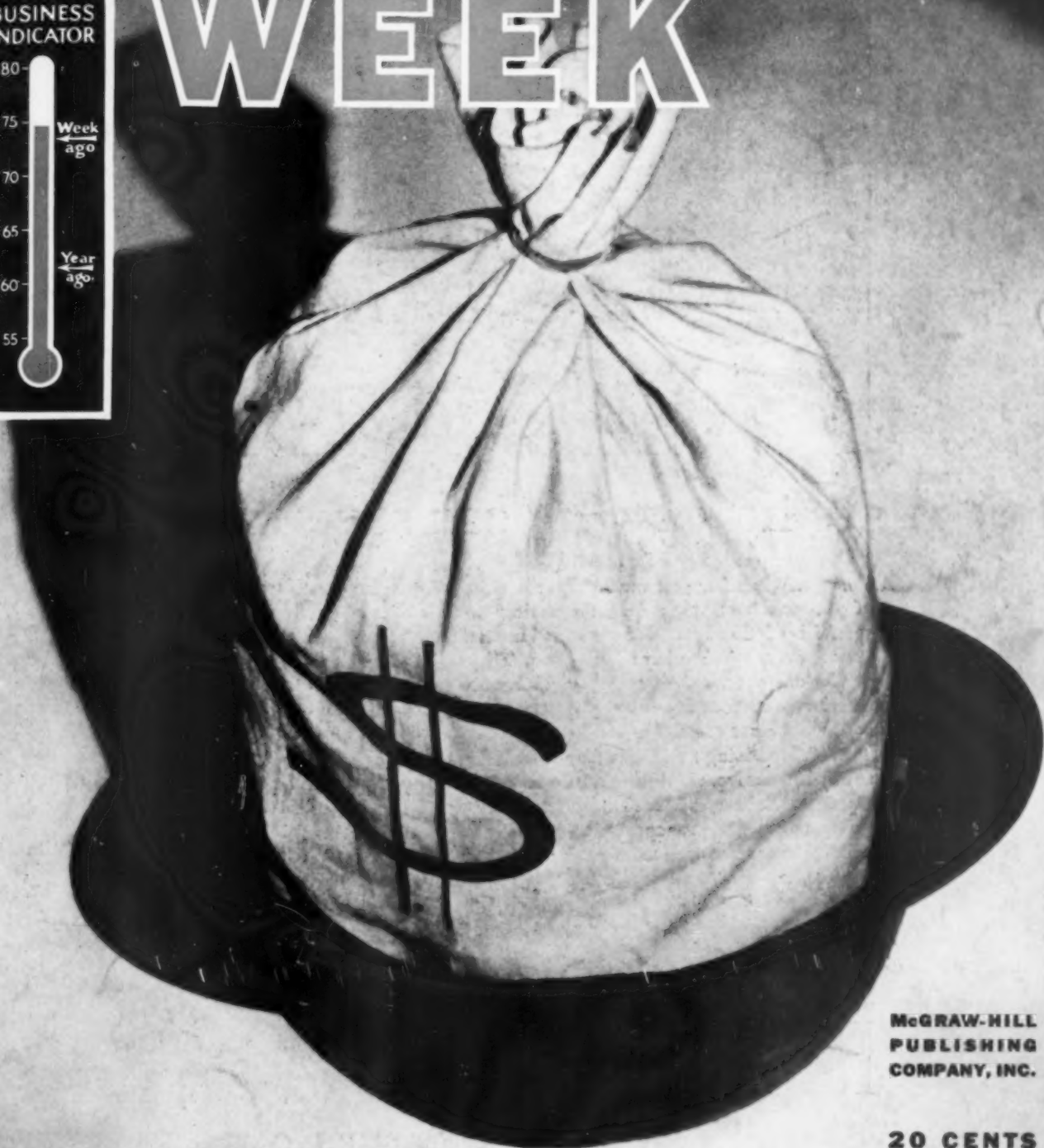
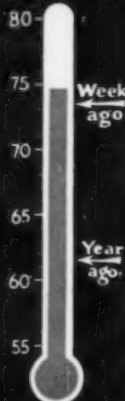


JAN. 18  
1936

# BUSINESS WEEK

BUSINESS  
INDICATOR

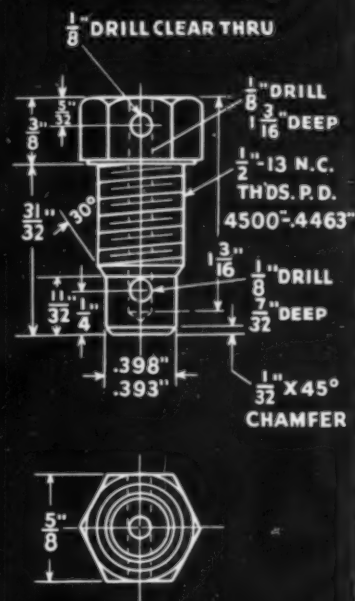


McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

20 CENTS

**ZERO HOUR**—The bonus is in the bag and the bag's in the old tin hat—and, in an election year, that's that.

U. IVERSITY OF MICHIGAN  
GENERAL LIBRARY  
ANN ARBOR MICH



## "That's how *Upson* can save you money"

During the last few years, many manufacturers of various types of products have stopped manufacturing in their own plants special headed and threaded parts used in assembly. They found it more economical to buy from Upson. They found that Upson quality did not vary. They could purchase to meet visible requirements without expanding plant operations, increasing payrolls and power costs.

With increasing business, many of these buyers will continue to obtain parts from Upson—because experience has proved that Upson specializes in headed and threaded items.

Upson can take your specifications, outline a production plan, and fabricate more economically than most manufacturers. Here bigness, experience and craftsmanship combine to spell economy for you.

So send in your drawings and let our quotations surprise you pleasantly.



UPSON NUT DIVISION

# Republic Steel



## C O R P O R A T I O N

GENERAL OFFICES • • • • • CLEVELAND, OHIO

BUSINESS WEEK

# Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Farm situation, drifting slowly toward amendment fight, overshadows even astronomical debt forecast—\$6 billions minimum (\$9 billions if you take Senator Couzens' figures) by July, '37. Which spells \$200 millions to \$300 millions more taxes a year just to pay interest on debt boost. Deficit for year beginning next July 1 will almost equal that for year ending then.

Roosevelt professes optimism about soil conservation scheme for crop curtailment, hopes Senator Norris, able constitutional lawyer, is "unduly pessimistic" in figuring any control plan invalid under AAA decision. Actually he awaits sufficiently aroused sentiment to make amendment fight popular. May not come in time for expedient campaign use.

## Even Without Benefits

Best official guess is that agricultural income this year would be \$250 millions higher than last, even if no farmer got a nickel of government benefits. General uptrend of prices and production is assumed to be big enough to more than offset last year's \$500 millions of benefits.

## No New Converts

Meanwhile, other Supreme Court decisions are expected to help stir feeling. Anti decisions on TVA, Guffey coal, Wagner labor relations, railroad retirement, utility holding company, etc., would, however, not do so much to rouse voters as to irritate further groups already regarded as pro-Roosevelt.

## Housing Subsidy en Route

Next rabbit out of Roosevelt's hat will be subsidy for home builders, applied to push cause of low building and financing costs. Administration housing officials have eyes on that \$200 millions appropriated in June, 1934, to cover lending agency losses on home modernization loans. Small losses so far; so fund can be used for subsidy.

## Stymie Bus-Truck Act

Effective administration of new motor carrier act will be hampered because Budget Bureau cut ICC's estimate of necessary funds from \$3 millions plus to \$1.7 million. Even appropriation next year will not rectify loss, for whole process will have to be started over.

## No Straitjacket Wanted

"Storm cellar boys" is Administration's characterization of those in

## REA LARGE

*Wonder what Senator Norris—not to mention President—thinks of REA's first substantial loan to privately owned utility—Florida Power Corp., an Associated Gas & Electric property. Is this case of turning other cheek to the elusive Mr. Hopson or doesn't Administration's right hand know where left hand distributes checks?*

Congress who advocate putting President in drastic neutrality law straitjacket. Administration thinks President should have discretion, opposes Borah, who fights surrendering "freedom of the seas." Roosevelt spokesmen hold that right to cross highway is inherent, but pedestrian is foolish who walks in speeding auto's path.

## Mayors No Pikers

It's the mayors that scare us. They want \$2,340 millions more—on top of \$1,103 million carryover—for work relief. If they got what they want (which they won't) next year's deficit would exceed by \$204 millions this year's shortage of \$3,234 millions. Cynical experts outside government say mayors' demand is asking price. A little barter will follow.

## Toe in Water

Federal Trade Commission is mailing queries to tire manufacturers, distributors, dealers, asking if they are interested in holding fair-trade practice conference. Idea was advanced by independent dealers, hard pressed by mail-order and gas station competition. Cautious FTC wants assurance of general participation before committing itself.

## Early Birds Benefit

Fast movers win out in the old game of getting the mostest for the leastest, so far as meeting Uncle Sam's terms on unemployment insur-

ance is concerned. Federal approval of unemployment compensation laws in Alabama, California, New Hampshire, Oregon, Wisconsin, and District of Columbia means direct benefits will accrue in these areas from payroll taxes. Massachusetts, New York, and Washington (state) also have laws, but these are still under scrutiny. Unless other states get busy, a lot of hard cash will leave their borders to be spent elsewhere.

## Covering Up on Silver

Maybe to please silver bloc, maybe to muddy waters of silver policy fiasco, weekly *Foreign Crops and Markets* of Department of Agriculture plays down important effects of silver gyrations on U. S. trade with China. "Violent change in value of silver," says pamphlet, "cannot be viewed as sole cause, but only as one of number of factors which have been responsible for China's economic difficulties."

## —And Newspapers

Watch the smoke of newspapers owning radio stations! Communications Commissioner Stewart recently opined: "Broadcast stations and newspapers are two principal sources of current public information and enlightenment. Combining two under same control inevitably presents problem of major moment which should be squarely faced by commission in determination of 'public interest, convenience and necessity'."

## Stern SEC

Even unincorporated issuers of securities registered on any exchange subject to SEC supervision must now file an annual report with commission. This will "portray such changes as have taken place during year," permit official review, encourage investigation.

## Peace on the Range

For first time since old Wild West days agreement seems possible on policy governing grazing on public lands. Will be based on idea of no discrimination between year-round versus seasonal, large versus small, sheep versus cattle, and scant versus well-covered range.

## AAA Spares the Ax

Really needed employees, not to mention party workers, among 6,500 AAA employees will not be dropped from payroll. New set of jobs will be created, if necessary, to hold them for later service to farmers. Taxpayers must be patient. There are still a few thousand Blue Eagle tenders around here.



• **HEAT**

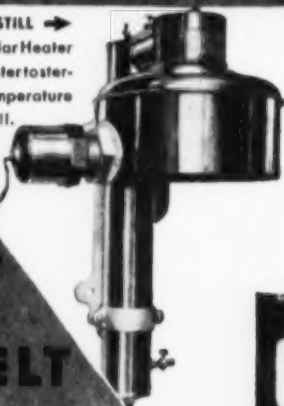
• **BAKE**

• **DRY**

• **MELT**

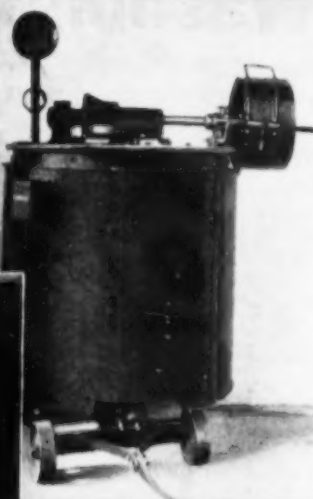
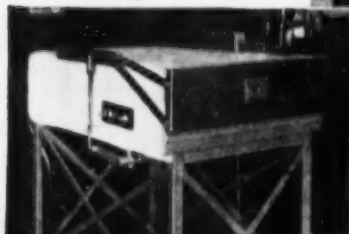
• **BOIL**

**WATER STILL** →  
C-H Tubular Heater  
brings water to ster-  
ilizing temperature  
in this still.



**PITCH** →  
C-H Conduction Heaters  
clamped around kettle to  
keep pitch at working  
temperature.

**BAKELITE** ↓  
C-H Space Heaters with-  
in oven pre-soften Bake-  
lite for drilling and ma-  
chining.

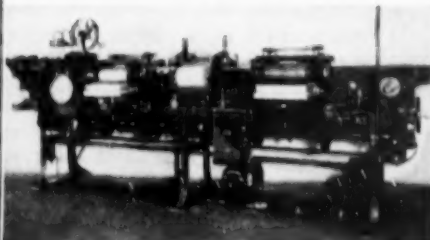


# Electrically

**COMBUSTION** ↑ — C-H Tubular Immersion Heat-  
ers installed in oil-supply pipe to condition oil  
for combustion.



**THREAD-FINISHING** — C-H Conduction Heaters  
on machines handling slow-drying threads.



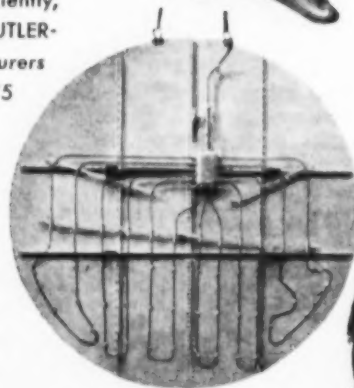
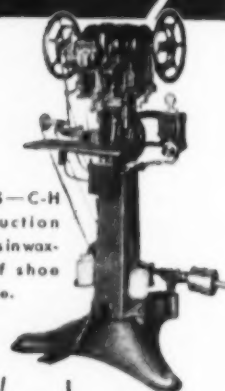
**BOOK-BINDING** — C-H Conduction Heaters keep  
glue to desired temperature in boxes under rollers.

● When "shoes and ships and sealing wax" are made with heat . . . when heat must be "spotted" or confined, use Cutler-Hammer Industrial Heaters . . . conductor, space or tubular type. Your heating problem may seem intricate, unprecedented, but chances are its solution already exists in C-H's vast storehouse of experience. No problem is too large, none too small, to be handled by C-H, efficiently, economically . . . enduringly. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus. 1275 St. Paul Avenue, Milwaukee, Wisconsin.

## TO MACHINE DESIGNERS

The installations shown on this page barely hint at the manifold possibilities of efficient, profitable industrial heating. In some cases, C-H Heaters may be applied to your equipment as it stands. We suggest, however, that you consult C-H during the drafting-board stage.

**SHOES** — C-H  
Conduction  
Heaters in wax-  
pot of shoe  
machine.



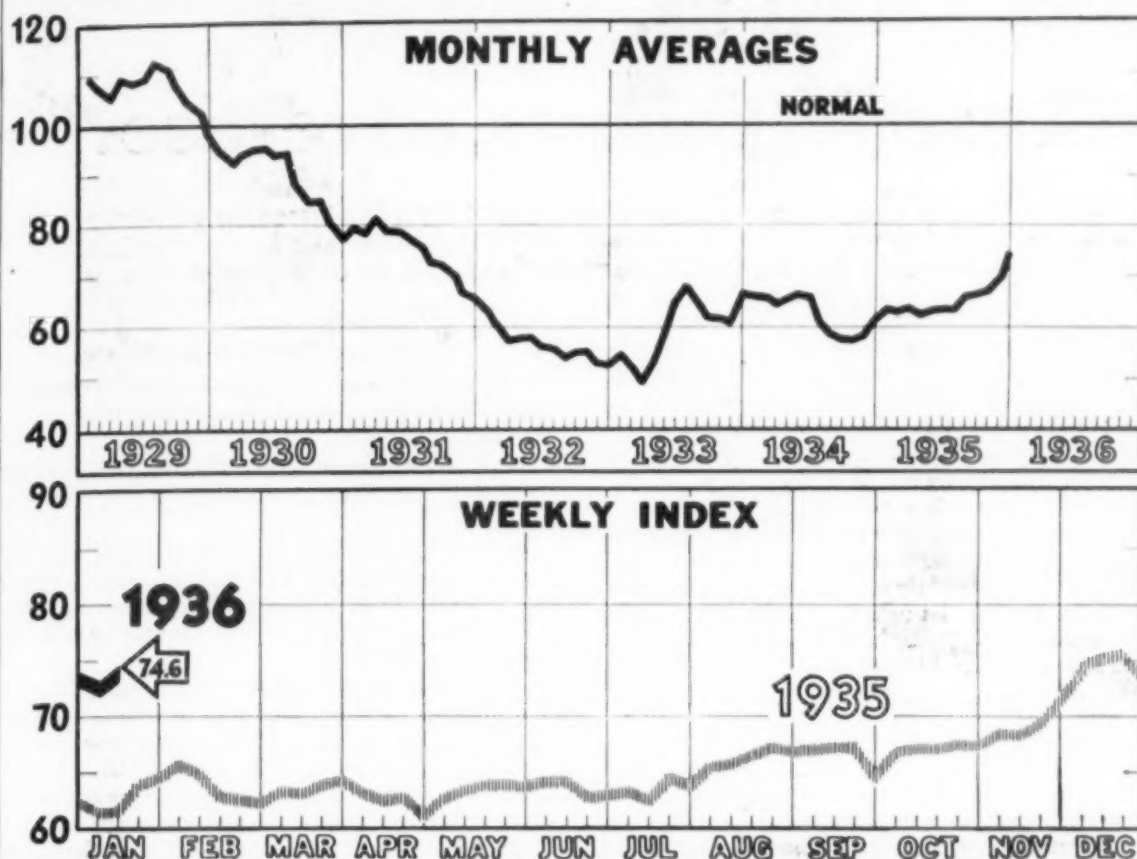
**LOCKS AND DAMS** — C-H Tubular Im-  
mersion Heaters keep Lock Dam Roller  
gates free of ice for unfailing operation.

# CUTLER HAMMER

ELECTRICAL HEAT EFFICIENTLY APPLIED



# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## BUSINESS WEEK INDEX

### PRODUCTION

	Latest Week	Preceding Week	Year Ago	Average 1931-35
* Steel Ingot Operation (% of capacity)	49.4	49.2	47.5	33.7
* Building Contracts (F. W. Dodge, daily average in thousands, 4-week basis)	\$10,306	\$10,858	\$3,684	\$5,964
* Bituminous Coal (daily average, 1,000 tons)	*1,610	11,356	1,446	1,344
* Electric Power (million kw.-hr.)	1,971	1,855	1,773	1,649

### TRADE

Total Carloadings (daily average, 1,000 cars)	99	98	90	93
* Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	59	61	56	58
* Check Payments (outside N. Y. City, millions)	\$4,677	\$4,311	\$3,522	\$4,026
* Money in Circulation (daily average, millions)	\$5,796	\$5,881	\$5,435	\$5,390

### PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.15	\$1.18	\$1.03	\$1.70
Cotton (middling, New York, lb.)	11.91¢	12.04¢	12.66¢	9.39¢
Iron and Steel (Steel composite, ton)	\$33.33	\$33.31	\$32.57	\$30.65
Copper (electrolytic, Connecticut Valley basis, lb.)	9.250¢	9.250¢	9.000¢	7.862¢
All Commodities (Fisher's Index, 1926 = 100)	84.4	84.0	80.7	70.7

### FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,482	\$2,483	\$2,466	\$2,093
Total Loans and Investments, Federal Reserve reporting member banks (millions)	\$20,834	\$20,895	\$19,425	\$19,728
* Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,933	\$4,975	\$4,912	\$6,330
Security Loans, Federal Reserve reporting member banks (millions)	\$3,191	\$3,274	\$3,133	\$4,882
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,112	\$1,163	\$898	\$1,011
Stock Prices (average 100 stocks, Herald-Tribune)	\$114.20	\$113.15	\$97.95	\$102.52
Bond Prices (Dow, Jones, average 40 bonds)	\$100.40	\$99.50	\$96.38	\$87.92
Interest Rates—Call Loans (daily average, renewal) N. Y. Stock Exchange	1%	1%	1%	1.5%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1-1%	2.1%
Business Failures (Dun and Bradstreet, number)	266	217	282	598

\* Factor in Business Week Index \*Preliminary † Revised ‡ 1930-1934 average.

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*Business Week*

# "Tell us, why does Lord & Thomas advertise?"

*To the many who have asked us this question  
—and to all others interested—here is our reply*

EVERY SO OFTEN, in the course of our current campaign, people ask, "Why do you advertise on such a large scale? What can an advertising agency expect to get out of advertising to the lay public?"

The objectives of our campaign are many. Some are immediate—others may not be attained for years. But they are clearly fixed in our minds.

Foremost, of course, is the objective of all good advertising—the desire to attract new business to our offices. This, we confidently expect the advertising program to do. But first let us set forth the reasons why we advertise to millions, whereas our prospective clients are very limited in number.

## *It Benefits Our Clients*

Our advertising for ourselves adds impetus to our advertising for our present clients. If we give their employees, dealers and distributors an understanding of the basic principles of true salesmanship-in-print, they will understand these principles when they see them applied to their own products by Lord & Thomas.

They will know that Lord & Thomas advertising *will create demand*. Knowing this, they will push the products of our clients with greater enthusiasm. In this way, our widespread advertising yields benefit to our clients as well as to ourselves.

## *Other Aims and Purposes*

We want our advertising to be read by the young men who will one day take up advertising as their chosen work. We are devoting our lives to it; we want *them* to know the basic principles in which we believe so deeply.

We want these principles to leave their imprint on those other hundreds of young men in other lines of business—the executives of tomorrow who will some day direct the placing of their own great appropriations.

Furthermore, we want the men and women in our own organization to have ever before them the principles which guide us. For only by such an awareness can an organization be welded into a compact and loyal unit, directed by a single aim.

## *Objectives—Based on Experience*

We come now to our principal hope and expectation from the current Lord & Thomas campaign — new business.

Let us, for a moment, look at the past. Every so often, Lord & Thomas have gone through a period of great growth.

This period invariably has been followed by a comparatively long period in which we absorb our increased volume of business. Always, this period of absorption has been one in which we take on relatively few large accounts.

In the course of this determined concentration upon the business in hand, however, we develop enough surplus energy to take on still further new business.

Four times in the past 38 years, which mark the span during which our present management has been actively in command, we have gone through this cycle. Each time we have advertised. And each time it has produced the results desired.

## *Foundation Stones for the Future*

This does not mean that we expect our advertising to do what advertising does for a cigarette, for example, or for an automobile. We have no notion that any large advertiser will come in, lay one of our advertisements down, and say, "I would like Lord & Thomas to handle my advertising."

But this we *do* know, and this we expect from the present campaign: that it will build a background for us among the limited number of men at whom it is primarily aimed.

Such a background as will influence advertisers when they are considering their appropriations, and cause some of them to invite us to submit our thinking about their problems, when the time is ripe.

Thus Lord & Thomas advertises to millions in order to spread the fundamental doctrines of salesmanship-in-print—and builds a background of approval among our clients, present and future.

# LORD & THOMAS · *advertising*

*There are Lord & Thomas offices in New York; Chicago; Los Angeles; San Francisco; Toronto; Paris; London  
Each office is a complete advertising agency, self-contained; collaborating with other Lord & Thomas offices to the client's interest*

# The Business Outlook

POLITICS holds the limelight, overshadowing business activity. Farm organizations, veterans, mayors converged on Washington with relief proposals that pushed the recently-presented budget deeper into the wastebasket. National debt estimates were boosted by billions, but Congress didn't seem to mind. Business holds its own in the face of such disturbing events—significant testimony to its firm footing. Steel production, while below December levels, is above 49% of capacity and climbing. Coal output started the year at more than 8 million tons a week, substantially above last year. Power production, too, is making an auspicious beginning 11% above a year ago. Check transactions in 272 cities in the first week of January exceeded 10 billions, 38% greater than in 1935.

## Mixed Reaction to AAA

Railroads shipped 9% more freight in the first week of the year than a year ago, but are counting on only a 6% gain for first quarter. Retailers are fairly satisfied with promotional sales this month, despite the cold shiver sent down the spines of many merchants by the AAA decision. Wholesale markets were more sensitive to buyer hesitation. Flour sales didn't spurt as expected in view of substantial price cuts. But Chicago reports good results from winter furniture and house furnishing shows, and Detroit is holding motor assemblies close to 100,000 a week despite its worries about the used-car situation.

## Oil Price Up, Trade Brisk

Crude-oil price advances started in Texas and New Mexico, spread to Oklahoma and Kansas, finally to Pennsylvania, brought cheer to producers and higher prices to gasoline consumers at a period usually known for price concessions. As long as producers hold output in line, these increases are expected to prevail. Last week's production increase wasn't regarded seriously; higher price incentives for control weren't in effect until late in the week. But refiners will keep an eye on them hereafter. California's situation isn't as happy as the Mid-Continent region's, where interstate pacts are in effect, but efforts to reach some agreement progress.

## Low-Cost Housing Hint

Efforts to spur the building industry, particularly the low-cost field, are being pressed by the recently-organized Committee on Recovery. Urging that private industry help produce 630,000 homes annually for those with incomes of \$1,000 to \$2,500 a year by offering low-cost homes at

## THAT H. C. OF L.

*Living costs didn't skyrocket in 1935, despite increased food prices. Based on a wage earner's budget, average increase in cost of living was less than 5%. Food averaged 11% higher, rents 9%, but clothing was actually 3% cheaper, and fuel and light almost 2% under 1934.*

10% down and mortgage money at 4½%, the committee has thrice brought its program to the attention of the Administration. The President's budget significantly omitted reference to low-rent housing projects such as 50 undertaken last year (BW—Jan 4 '36). Municipalities may be asked to shoulder this load.

## Expansion Booms Materials

Last year's 92% increase in residential construction and modernization taxed facilities of industries supplying materials. Paint, varnish, and lacquer sales reported by about 80% of the industry probably topped \$335 millions last year, a 21% increase over 1934. Johns-Manville has set aside \$1.5 millions to expand and improve plants, and spent \$1 million similarly last year. Hygrade-Sylvania (second largest maker of radio tubes) is expanding plant capacity in Salem, Mass. Similar construction undertaken in 1935 helped swell non-residential building, according to F. W. Dodge, to \$675 millions, 24% above 1934. These two classes carried total construction in 37 states to \$1.8 billions, or 20% ahead of 1934, offsetting a 7% decline in public works and a 12% decline in public utility construction.

## Steel Steps Out—

The industry's first move for new ingot facilities in more than three years will be undertaken by Inland Steel, partly to replace obsolete equipment. Four new open-hearth furnaces are to be constructed. Last

year saw substantial increases in rolling-mill facilities, as the motor industry's importance as a steel consumer rose. The code and generally low rate of steel operations discouraged construction of new ingot facilities. Even the current level is not considered high, but pressure of obsolescence costs was no doubt the deciding factor for Inland.

## —With Good Prospects

Steel buying so far this month has been fair. Slackening of purchases from Detroit was anticipated. Death of AAA put a damper on business from agricultural areas, but farm-implement makers are going ahead with larger purchases. Rail and construction volume is growing, encouraging makers of heavy steel products. Such important projects as the 47,581-ton contract for plates, shapes, and bars for Los Angeles' water district appeared last week, and bids are being taken for a 200-mi., 8-in. welded gasoline line in Texas, one of the largest projects of its kind in years.

## —And Railroad Orders

U. S. Steel subsidiaries are bidding for 3,000 freight cars and 25 locomotives. Estimates for this year's freight car buying run as high as 35,000. Particular attention was given ICC's criticism of reports on surplus freight cars, which the commission says are rosier than facts warrant. However, the roads spent some \$310 millions in capital replacements and additions last year, against \$213 in 1934, added 88 miles of new track, against 80 in 1934 and 36 in 1935.

## West Coast Retailers Lead

Retail trade finished up the year with moderate gains. Department store sales in December actually were better than seasonally expected, bringing the year's volume to 5% over 1934. The West Coast took the lead with a 10% gain, followed by the Richmond, Va., area with 8%, Chicago and Minneapolis with 7%. New England was just on a par with 1934, New York area just 2% ahead, St. Louis only 1% up. Chains did a bit better on the whole, some 25 reporting gains of 11%.

## Record Mail-Order Year

Mail-order houses established new high sales records in 1935. Shoe chains gained 13%, grocery chains 12%. Variety chains just nosed over the 1934 sales line. Retailers were inclined to view the slightly higher prices in Sears, Roebuck's new catalogue with only mild satisfaction; the AAA decision was the cause of reductions on some items, such as tires and cotton goods.





*and discover new fields for our kind of agency service*

● McCann-Erickson advertising service enters a new continent. Offices at Rio de Janeiro and Buenos Aires now officially supplement our three offices in Europe, four in Canada and nine in the United States. These offices are staffed with experienced South American advertising men under U. S.-trained leadership, and have nearly a year's successful work already to their credit.

Manufacturers with goods to sell anywhere in Latin America can now benefit by advertising of

major-agency competence . . . constantly supervised from the United States, but prepared and placed *in the field*.

Are you planning to establish your products in any of the great Latin American markets, or to expand your operations there? Are you considering whether your present advertising *and merchandising* there can be improved? Then get the full details of this new McCann-Erickson service in Latin America. Address our nearest office.

## McCANN-ERICKSON • Advertising

### IN EUROPE

LONDON PARIS  
FRANKFORT a. M.

### IN CANADA

MONTREAL TORONTO  
WINNIPEG  
VANCOUVER



### IN THE UNITED STATES

NEW YORK CLEVELAND DETROIT  
CHICAGO DENVER SAN FRANCISCO  
LOS ANGELES SEATTLE PORTLAND, Ore.

### IN SOUTH AMERICA

BUENOS AIRES  
RIO de JANEIRO

EACH OFFICE AN AGENCY IN ITSELF, EQUIPPED TO GIVE FULL AGENCY SERVICE TO CLIENTS

# BUSINESS WEEK

JANUARY 18, 1936

## Business in the AAA Fog

**Supreme Court decisions upset prices in some lines; uncertainty checks sales in many others. Situation is complicated by consumer misunderstanding.**

CHAOTIC conditions persisted this week in commodity markets most directly affected by the Supreme Court's removal of processing taxes. Cotton textiles showed the greatest turmoil and trade leaders devoted the week to conferences, with business at a practical standstill.

Farmers who hoped to see the full equivalent of the \$2.25 per cwt. processing tax on hogs (page 27) added to their price at the stockyards frustrated possibilities of such a benefit by flooding the markets. Hog receipts at 12 principal markets in the week following the decision were 453,000 head, against 246,800 in the preceding week and 325,600 a year ago. Hog prices were advanced a fraction of a cent and concessions on certain pork cuts were made in the wholesale markets. Packers say that the price upsets are temporary and the retail levels will not stay down, since neither supply nor demand is altered by removal of the taxes.

### Bread Price Not Lowered

Flour millers lowered prices to about the extent that they had previously included the wheat processing tax in their quotations, but this was not usually the full \$1.38 per bbl., equivalent of the 30¢ per bu. wheat tax. Scattered bread price cuts were announced but most bakers insisted it would be impossible to pass any reduction on to consumers. On a pound loaf the tax amounted to just less than half a cent. Bakers contend prices have been generally too low.

Tobacco manufacturers have been absorbing the full tax and so anticipate no change in prices, merely a better margin.

All the trade groups affected are sensitive to a widespread public expectation of price recessions at retail, not only on the few basic commodities from which processing taxes have been removed, but on the broader list of items controlled by marketing agreements which haven't been invalidated, and even on food products generally.

Nervousness about consumer resistance where price reductions were impossible contributed to the market stalemate growing out of uncertainties as to where manufacturers and their customers stood in regard to taxes on future orders, merchandise in transit, and floor stocks.

Theoretically the situation was clarified this week when the Supreme Court's decision in the rice millers' case (page 8) turned back to processors \$180 millions of processing taxes impounded in the courts. But actually this complicated the squabble.

### Debate Recovery Possibilities

Ohio bakers meeting in Toledo were advised that, upon suit, they could recover taxes from millers where contracts with the mill provided for this contingency. The Association of Cotton Textile Merchants in New York relied upon the supplementary contracts used generally in their business since last August. These protected converters 120 days, wholesalers 60 days, and retailers 30 days against a processing tax removal. Meat packers, tobacco manufacturers, rice millers contend there is no ground on which distributors can recover taxes since they were not invoiced separately.

Cotton textiles were hardest hit price-wise. Some leaders in the trade con-

tended the declines resulted more from suspension of business than as a direct result of the tax lifting. They are worried about the possibility of a later imposition of a corresponding levy in the guise of an excise tax which might reabsorb any profit margins regained now.

Prices on coarse yarn gray goods dropped the full equivalent of the 4.2¢ per lb. cotton tax but still buyers held off. This withdrawal of orders put pressure upon finer grades on which mills tried to maintain pre-decision quotations. Manufacturers of the finer grades say price concessions will only continue existing profitless operations.

### Mail Order Cuts Worry

All eyes turned to the mail order distributors whose spring catalogues are on the presses. Both Montgomery Ward and Sears, Roebuck held back cotton textile pages and revised prices downward, a bad omen to interests in the trade who were hoping that the clean inventory situation and active consumer demand would permit net price advances after a period of adjustment.

Still entirely up in the air this week were the matters of possible recovery from the government of processing taxes paid and adjustments on floor stocks. Processors expect demands from distributors for adjustment of taxes paid but are not hopeful of obtaining re-



Underwood & Underwood Keystone  
**MAN AND MACHINE**—The machine wrote AAA checks. AAA officials confer with farm leaders (left to right): E. C. Kennedy, National Farm Union secretary; Fred Brenckman, National Grange; E. A. O'Neal, American Farm Bureau Federation president. Seated: Chester Davis and Secretary Wallace.



Harris & Hines

**IN AN ATMOSPHERE OF GOOD WILL**—Bitterness evident in former bonus battles is missing in the veterans' current drive, for political wisdom dictates immediate payment. The bonus bill rolled through the House, and the Senate Finance Committee approved the baby bond method of payment, after quizzing

various financial officials. Senator Pat Harrison, chairman, grins as he interrogates General Hines of the Veterans Bureau, while Daniel Bell waits to testify as the acting director of the Budget. Listening in are, left to right, Senators Couzens (who voted no in the 15-2 committee approval), Keyes, and Guffey.

funds from the Treasury. On floor taxes there is widespread agitation for a reversal of the mechanism whereby inventories in all hands were subjected to the equivalent of processing taxes when they first went into effect. But legal advice is generally to the effect that the machinery was too completely wrecked to allow any refunding of taxes.

This belies the legal technicality that only portions of AAA were killed (Dr. E. G. Nourse of Brookings Institution said less than 15%) and practical minds apply experience gained in the NRA situation and presume that salvage of the original AAA will amount to little more than Major Berry has preserved of the Blue Eagle.

who advocates that Congress impound the taxes. Senator Bankhead urged that the AAA levies be reenacted retroactively as general revenue measures so that the government could keep the \$1 billion collected and make the processors come through with unpaid balance.

While Administration spokesmen kept silent on Supreme Court criticisms, Senator Norris of Nebraska urged legislation depriving the Court of its power to invalidate acts of Congress.

The rice millers' decision released \$180 millions of processing taxes tied up by injunctions. Wheat millers will get the lion's share, \$67 millions, cotton mills and meat packers \$51 millions each, with the rest spread between tobacco, paper and jute, peanut, rice, and rye processors.

Total collections to Jan. 6 were \$227 millions behind budget estimates, the difference between \$227 millions and the \$180 millions impounded representing a combination of nonpayment without court approval and deferred payment. In the case of cotton taxes, mills are not required to pay until four months after a bale is opened, meaning that there have been no collections on bales opened since Sept. 6, which was four months before the Court decision.

#### Question Value of Subterfuge

No one is completely happy about the AAA substitutes under consideration. It is questionable whether Congress has power to pay farmers for crop rotation. In the past the Court has been strongly insistent that what could not be done directly could not be done indirectly.

Roosevelt's idea of removing the "buffalo grass" country from cultivation is something else again. This is the territory from the Texas Panhandle north, between the 100 and 106 meridians, including the western halves of the Dakotas and of Nebraska, extreme western Kansas, eastern Colorado, and the Oklahoma Panhandle. It is "the dust bowl"—land which most agricultural

## After AAA—"Save the Soil"

**Roosevelt's new plan would pay farmers to cut production. Seek to keep Court from ruling on its legality.**

SAVING the soil to save the farmer has Administration support despite Secretary Wallace's hedge on some aspects of the five-point farmers' program to replace the agricultural adjustment act controls. President Roosevelt is squarely behind soil conservation. It will go through Congress whooping.

To dodge constitutional points raised by the Court two means will be used:

(1) Money to finance the program will be raised by additional taxes, much like the processing taxes but imposed as straight excise taxes, without provision for anyone except Congress to change them, and without reference to the use of the proceeds.

(2) Payments to farmers will be for soil conservation. It will require careful wording to say save soil instead of cut production. At best there is no certainty that the Supreme Court would approve it.

Its decision this week in the Rickert Rice Mills case, in line with last week's Hoosac Mills decision (BW—Jan 11 '36), directed return to processors of \$180 millions of processing taxes impounded by courts under injunction orders. The three justices who dissented from the main decision last week did not dissent from this logical sequel. No deci-

sion was given on section 21(d), added to AAA last summer; this requires a processor to prove he has not passed on the tax, before he can recover taxes actually paid to the Treasury.

#### No Ruling on Bankhead

Nor did the Court rule on the Bankhead cotton control act. It sent back to lower courts on jurisdictional grounds the case of Lee Moor, Texas cotton planter, who had sued the Texas & New Orleans Railroad because it would not ship his cotton without the decoration of Bankhead tax tags. It should have been an action at law instead of in equity, said the Court unanimously.

Moor's attorney said his client would pay the tax (about \$45,000 on 1,700 bales) and file suit to recover it. But meanwhile the Bankhead act is due to come up for argument Jan. 20 on the test Governor Talmadge of Georgia is making on the tax status of cotton grown on state prison farms.

Congress considered moves this week to put more barriers between processors and the \$1 billion of processing taxes already paid, before anyone else can get a case before the court for their refund. The Senate agricultural committee listened to Edward O'Neal, president of the American Farm Bureau Federation,



experts agree should never have been plowed; but with machinery and cheap land, it lends itself to mass production.

But this part of the program is not the politically important part. It would not give checks to lots of farmers.

However, it is highly improbable that the new plan would be passed on by the Supreme Court before election day. Nor is there any certainty that it could be brought before the court at all. The AAA decision indicated that a taxpayer cannot bring suit, *per se*, to prevent an illegal expenditure unless he is taxed for that specific purpose. Of course the opposition will do everything possible to get litigation started, but it will have to conceal its hand, lest such action prove a political boomerang.

## Advertising Hits the Long Pull

Lineage figures for 1935 indicate that the first impetus of recovery has spent itself, reveals significant shifts in advertisers' use of the major media.

WHILE advertising revenue for 1935 was up virtually all along the line, final box-score results for the major media, just made available this week with the release by Media Records of full-12-month data on newspaper lineage, were not as satisfying in several fields as the enthusiastic forecasts of a year ago had indicated. And that fact serves to restrain somewhat the more ambitious

prognostications of 1936 yield which have been going 'round and around.

The 1935 experience indicates that the recovery, which pushed advertising volume up by leaps and bounds in 1934, has now exhausted itself, that advertising budgets will henceforth be set on the basis of past performance records and company cash sheets, rather than in the sheer hope of corraling extra sales which characterized advertising expenditures in those days when the first New Deal dollars were rolling loose. Steady but not spectacular advances are indicated.

### Favorable Factors

Special factors in the 1936 situation alter the basic outlook in several significant particulars. On the black-ink side of the ledger, these entries can be made: (1) This is an election year and newspapers and broadcasting stations can anticipate some miscellaneous revenue from political sources; (2) the long-promised housing boom is rapidly gathering steam, promises to pick up sufficient momentum this year to bring in new accounts from the construction and house furnishings industries; (3) increasing dissipation of financial and industrial uncertainty is expected to unleash new sales promotion funds as re-employment and national income mount.

Factors of another type which advertising men feel will bear watching include: (1) possible enactment of a new and more stringent food and drugs bill with the inherent threat that aggressive enforcement activities may prove disturbing; (2) the drive toward price control legislation which may carry sufficiently far to dislocate existing trade relations and depress the advertising stimulus of price appeal on branded merchandise; (3) uncertainty over the continuation of farm benefit payments—a factor exerting significant psychological effect on rural spending habits; (4) rising raw material costs for publishers which may necessitate rate advances; (5) the impending reallocation of broadcast channels which may result in higher radio rates to finance the purchase and operation of super-power transmitters.

### Radio, Magazine Trends

Many a publisher and station owner, engaged in trend tracing, found in the 1935 report developments which provided much food for thought. For example, several interesting deductions could be drawn from a comparison of the list of ten leading network radio

## National Advertising Media

### What They Did in 1935

#### Magazines<sup>1</sup>

Number	Type	Lines		Percent of Average Rate Change	Dollar Volume		Percent of Revenue Change
		1934	1935		1934	1935	
8	Standard..	501,761	522,352	+5.88	\$682,512	\$751,786	+10.15
24	Women's..	6,153,917	6,066,739	-2.38	\$46,497,688	\$44,757,237	-3.74
35	General..	5,660,689	5,573,125	+10.83	\$17,751,958	\$19,378,217	+9.16
11	Weeklies..	7,237,895	7,594,924	+3.50	\$47,638,346	\$51,698,719	+8.52
6	Farm.....	920,129	1,046,884	-6.16	\$5,229,200	\$5,581,649	+6.74

#### Newspapers

(60 daily and 93 Sunday newspapers in 52 cities<sup>2</sup>)

Classification	Lines		Percent of Volume Change
	1934	1935	
General.....	211,383,937	216,975,573	+2.65
Automotive....	73,306,045	72,929,105	-0.51

#### Radio

Classification	Dollar Volume		Percent of Revenue Change
	1934	1935	
Columbia Broadcasting System <sup>3</sup> .....	\$14,825,845	\$17,637,804	+18.97
National Broadcasting Company.....	\$27,833,616	\$31,148,931	+11.91
Spot broadcasting (60 or more stations) <sup>4</sup> ...		\$6,371,941	.....

#### Business and Industrial Papers<sup>5</sup>

Number	Type	Pages		Percent of Volume Change
		1934	1935	
60	Industrial.....	45,130	52,135	+15.52
26	Trade and Class.....	17,283	19,271	+11.50

<sup>1</sup>Lineage and dollar volume figures supplied by National Advertising Records; percentage changes estimated. One-time, full-page rate used by N. A. R. in arriving at dollar volume figures. Space and time discounts would reduce total 10% to 20%; color and position costs would increase it.

<sup>2</sup>These figures, supplied by Media Records, include only that advertising generally considered national; no reliable figures are available on the dollar volume which this lineage represents nor on the movement of rates. Inclusion of retail and financial advertising shows a total display lineage in the 52 cities of 1,017,969,283 lines, an increase of 4.6% over 1934. Trade estimates place the revenue yield on this volume at approximately \$305 millions.

<sup>3</sup>Revenue data supplied by CBS and NBC. Because of adjustments in discount schedules and changes in basic and supplementary hookups, no percentage figure can be cited to show rate fluctuation. Most network advertisers, however, find costs for the broadcasting facilities ranging upward from 5% to 15%. The 1-year-old, 4-station Mutual Broadcasting System cites a revenue yield of \$697,820 for the last 6 months of 1935.

<sup>4</sup>Figure supplied by National Advertising Records; no comparable figure available for 1934. Increases of 20% to 30% are claimed for national spot advertising. In December 79 stations reported a total of approximately \$1 million.

<sup>5</sup>Figures from *Industrial Marketing*. Estimates on business carried by 135 members of Associated Business Papers indicate a revenue increase of 25%—from \$12 millions to \$15 millions. Only a few member papers are reported to have increased rates on the basis of increased circulation.

advertisers with the ten leaders in the magazines. Radio's list looked like this:

	1935	1934
Procter & Gamble...	\$2,104,697	\$969,236
General Foods .....	1,948,507	1,450,575
Standard Brands ...	1,938,577	1,847,178
Ford .....	1,928,860	1,191,578
Colgate-Palmolive-		
Peet .....	1,679,037	1,333,873
Sterling Products ...	1,422,640	1,448,651
American Home		
Products .....	1,211,568	898,300
Lady Esther .....	1,100,998	963,836
Pepsodent .....	1,098,996	1,642,153
Campbell Soup ....	926,515	205,800
Total.....	\$15,360,397	\$11,951,180

And the magazines':

	1935	1934
General Motors ....	\$5,148,564	\$4,569,644
Chrysler .....	2,501,131	2,194,684
Standard Brands ...	2,413,247	2,710,843
Reynolds Tobacco ...	2,268,316	2,799,654
Procter & Gamble...	2,193,561	2,936,182
Bristol-Myers .....	1,793,155	1,390,898
Lever Bros. ....	1,784,878	2,239,453
Lambert Pharmacal ..	1,780,415	1,965,819
General Foods ...	1,713,091	2,248,592
Campbell Soup ....	1,711,235	1,929,433
Total.....	\$23,307,593	\$24,985,202

First observation had to do with comparative totals. Every single advertiser in chain radio's top ten boosted his 1935 appropriation, and their combined total showed an increase of 28.5% over 1934. Six of the ten magazine leaders decreased their appropriations, and their 1935 total dropped 6.7%.

Looking farther on down the list of the 216 advertisers who spent over \$100,000 in magazines last year, according to National Advertising Records, analysts noted that this loss registered by the leaders was more than made up. The 1935 total of \$86,593,264 for all 216 accounts compares with a total of \$81,309,476 for the same advertisers in 1934, an increase of 6.5%.

#### Reversing Trend to Radio

Only in one or two cases, however, was the trend of the biggest advertisers toward network radio reversed. In 1934, General Motors had ranked among the top ten on the air with an expenditure of \$1,172,450. In 1935, G.M. ranked eleventh with an expenditure of \$897,563. At the same time this advertiser took a more commanding lead than ever at the head of the list of magazine advertisers—and second on that list was Chrysler. Motor makers were apparently putting fresh emphasis on the periodicals (Ford increased his magazine appropriation from \$495,245 to \$940,182)—and on spot broadcasting. Chevrolet ranked No. 2, Chrysler No. 6, and Ford No. 9 in this rapidly developing medium.

Also noteworthy is the decrease in Liggett & Myers' radio network expenditure. In 1934, this company ranked

eighth with an expenditure of \$1,140,460; last year it placed seventeenth with an investment of \$729,447. Emphasizing the increased dominance of the air waves by drug and cosmetic advertisers, Lady Esther moved up to replace one of the lost radio leaders; Campbell Soup replaced the other. Nine of the top ten are food and drug advertisers.

Most distinguished absentee from the list of the ranking magazine users is General Electric, which in 1934 spent \$2,248,592 in this medium and last year slipped to twelfth place with an expenditure of \$1,713,091. Placing heavy advertising support behind its Ipana toothpaste, Bristol-Myers moved up from eleventh to sixth place with an expenditure last year of \$1,793,155, compared with \$1,390,898 in 1934.

#### Newspaper Dull Spot

Probably the most spectacular disappointment of the year is the failure of newspaper automotive advertising to advance appreciably with the impetus afforded by an extra show in 1935, thanks to the early introduction of this year's models. The actual loss of 0.5% only accentuates this situation. Just how much of the blame can be loaded on the shoulders of the motor makers themselves is impossible of determination from Media Records' single figure on automotive business, for this classification includes dealer advertising as well as oil and accessories. In all these divisions the extra show and the year's increased motor transportation should have had some more satisfying reflection.

However, total expenditure in all media for motors and oils probably exceeded that of 1934, thanks to the heavy use of magazines, spot broadcasting, and outdoor advertising, a medium which, according to trade estimates, will

show an increase of 30% when final figures are added up.

Probably one of the most hopeful harbingers of all is the pickup in trade and industrial magazine advertising as America begins to rebuild, retool, and modernize obsolete industrial equipment.

## New Hookups

**With 106 low-power stations lined up, National Independent Broadcasters offers nationwide spot service. Insull chain progresses.**

LAST week, leading national advertisers and their agencies received a notice that National Independent Broadcasters, a chain of 106 low-power local stations spread across the country, was organized and ready to handle electrically transcribed spot broadcasts on a group rate basis. The stations have no wire hookup.

Idea for the outfit was conceived one year ago by Ed A. Allen of station WLVA of Lynchburg, Va. First steps toward its formation were taken last May, when seven other small broadcasters joined with Mr. Allen in Washington, decided they had a good sales story for national advertisers, that they could tell it more convincingly if they banded together, sold facilities jointly.

With the appointment of James O'Shaughnessy and T. H. McClure as exclusive national sales representatives, organization work has gone ahead rapidly. Mr. O'Shaughnessy was formerly executive secretary of the American Association of Advertising Agencies and business manager of *Liberty* magazine; Mr. McClure has long been active in advertising circles.

During the day all of the 106 stations



**TIME FOR TEA AND TEA FOR EIGHT**—The Tea Market Expansion Bureau, representing some 90% of the trade, is all set for a \$500,000 campaign to encourage the trend toward tea. First step was appointing William Eaty (fourth from left) to handle the drive; second act was to sit down for a cup of tea and a conference between Eaty advertising executives and bureau commissioners.

will be able to handle program transcriptions or arrange for local live talent programs for national advertisers, but only 97 of them broadcast after sundown. Any amount of time from one minute to one hour can be purchased. Gross cost of a full hour on the entire chain is \$3,335.69, a little less than half the average cost of an hour on the big basic networks. Time can be purchased also by six sectional groups. Most of the stations have 100 or 250 watts power, though some boast 500 or 1,000 watts, and WDGY, Minneapolis, has 5,000 watts.

#### Insull-Gygi Interest 14

Meanwhile, in Chicago, Samuel Insull and Ota Gygi are working feverishly to build a foundation for their Affiliated Broadcasting Co., a proposed wire hookup of small Middle Western stations (*BW*—Jan 4 '36). Developments have progressed to the point where at least 14 stations are considering contracts. According to reports, first stations approached were WCLS, Joliet; WTAX, Springfield; WHBF, Rock Island; WVAE, Hammond; WTRC, Elkhart; WBOW, Terre Haute; WOEK, Evansville; WKBH, La Crosse; WHBL, Sheboygan; KFIZ, Fond du Lac; WHBY, Green Bay; WOMT, Manitowoc; WIBY, Poyntette; WRJN, Racine. All are 100-watt stations excepting WHBL, which operates on 500 watts, and WKBH, 1,000 watts. The Elkhart, Hammond, Joliet, and Racine stations are already members of N.I.B.

Mr. Insull, it is understood, is prepared to feed them five hours of sustaining programs free every day in exchange for three hours' time which would be sold to commercial sponsors. On additional sales, stations would get 75% of the revenue. This latter arrangement is more than satisfactory, but the condition of three hours of free time puts the station owners in a bad spot, for they fear the hours will be demanded just when some good, paying local account wants to go on the air.

#### Headquartered in Style

Studios for the new system will be located in the Chicago Civic Opera Building, once used by the Insull-controlled WENR before it became an NBC outlet and was moved to the Merchandise Mart.

Development of these small station group enterprises is regarded as highly significant, since the choice hours on the big chains are being rapidly exhausted. Local stations not only boast a surprisingly faithful following but they are able to render advertisers intensive local merchandising service. The sale of national spot programs as well as local broadcasts has been decidedly on the up in the last year, though national revenue is still of only slight importance to the small station operators.

## Loss-Leader Suit

**San Francisco cut-rater promises fight to finish on California law forbidding below cost sales.**

A CONSTITUTIONAL test of California's much-discussed unfair practices act is in the offing as a result of the application, in San Francisco's Superior Court, of the California Retail Grocers & Merchants Association for an injunction restraining the firm of Rosenthal's, long-established cut-rate grocer, from selling "below cost" in violation of the law passed by the 1935 legislature. Both parties to the action indicate they will appeal an "adverse" decision to the state Supreme Court, whose final dictum will affect the course of such legislation in other states.

A second similar action has just been introduced into the Superior Court in Oakland against Peninsula chain stores.

Defendants in both cases challenge the power of the legislature to pass a law which, briefly, forbids selling at less than cost, selling by chains at different prices in different cities or at different stores in the same city; paying secret rebates or allowances, refunds, or unearned discounts; and extending to certain purchasers secret privileges that are not generally available.

In the unfair practices act "cost" is defined as inventory or replacement cost,

whichever is lower, plus the cost of doing business (which in turn is defined as including all costs incurred in the conduct of business—labor, salaries, rent, interest, depreciation, selling maintenance, delivery, credit losses, licenses, taxes, insurance, and advertising).

When the law was passed last July, California Retail Grocers & Merchants Association established a separate department, the Food Trades Institute, to act as a clearing-house for information and "cooperate" with the state attorney.

#### How Law Is Enforced

Under direction of A. S. Coffin, executive secretary, the group receives reports of specific cases of selling "below cost," chiefly from two sources—newspaper advertising and the neighbor-grocer of the offender. The price-cutter gets notice from the institute that he is violating the law which, in most cases, has been sufficient to eliminate the practice. If the violator persists, he receives a warning from the attorney general. If that isn't impressive enough, the institute gathers evidence, applies to the Superior Court for a restraining order.

Out of several hundred violations brought to the attention of the institute, all but three have been cleared up without court action. Of these three, the first two accepted the order of the court without appeal. The third (Rosenthal's) is apparently prepared to fight to the last ditch.

## Berrymandered

**As represented on Berry council, industry may be found strangely in agreement with coordinator's ideas for industrial progress.**

LAST week's sessions of the Council for Industrial Progress (*BW*—Jan 11 '36) and subsequent events indicate that Major George L. Berry, the President's Coordinator for Industrial Cooperation, has hit on a formula to produce the goods that his sponsor has ordered.

The formula is simple but effective. It calls for a one-track route over which the council will travel from the closed shop in which it was organized, to its terminal—the point at which it will deliver a predetermined set of resolutions and recommendations to the President and Congress. Insiders say that the import of these was long since decided on in Administration circles, but that the council will be persuaded that it is the proud parent. They add that if, contrary to all expectations, some representative of industry should try to lead off on the wrong track, there will be enough labor leaders to push the council back where it's supposed to run.

Observers of Berry tactics concluded

that such a one-track formula had been adopted when they read the statement issued by the coordinator after last week's sessions. In this he implies (1) that the council is thoroughly representative of American industry, (2) that the Dec. 9 round table conferences were a huge success, (3) that the council as now constituted grew out of the Dec. 9 meeting, (4) that a great emergency still exists, (5) that our economic structure is still tottering. He argues that, by agreement between industry and government, "a practical, cohesive national industrial policy" should be devised, which will lead us out of the wilderness. He emphasizes that there is no intention "to revive NRA" and that the council is not "a move behind the scenes to tighten government control over industry."

With the uninitiated reader Major Berry's statement leaves the impression that he is making a progress report on an inspiring effort that is supported by



# Representing Industry on Berry Council

Here are the members listed by Major George L. Berry as representing industry on his Council for Industrial Progress and reported present at the Council's organization meeting, Jan. 6. These members, assisted by 30 labor union officials, a representative of the Secretary of Labor and representatives of the Consumers' Division, are scheduled to formulate and sponsor recommendations that will be presented to the President and Congress as reflecting the collective sentiment and desires of American industry concerning legislation affecting its interests.

## Direct Representatives of Industrial Concerns Who Did Not Record Any Trade Association Connections

Alcock, George—New York (4)	Lima Locomotive Works	Froham, Sidney—Sandusky, O.	President, Hinde & Dauch Paper Co.
Conn, Charles F.—Philadelphia	President, Giant Portland Cement Co.	Sherwin, D. G.—Peoria, Ill. (1)	Vice-President, Caterpillar Tractor Co.
Cosgrove, F. A.—New Brunswick, N. J. (2)	Johnson & Johnson		

## Presidents of Trade Associations

Abbott, E. B.—Newport, Ky. (5)	Nat. Corrugated Rolled Metal Culvert Pipe Assn.	Davis, J. W.—Chicago (6)	American Fruit & Vegetable Shippers' Assn.
		Voorhees, S. F.—New York (1)	American Institute of Architects

## Registered as Representatives of Trade Associations

Abrahams, Albert—New York	Exec. Sec., Advertising Typographers of America	Knight, S. D.—Cleveland	Vice-President, National Sandstone Assn.
Ambrose, H. G.—Washington	Member, Board of Directors, United Typothetae of America	Koch, Elmer J.—Washington	Sec., United Typothetae of America
Barry, Martin J.—Baltimore	National Association of Independent Tire Dealers	Kolodny, James—Jersey City (7)	Exec. Sec., Nat. Assn. of Tobacco Distributors
Becker, F. S.—Chicago	Exec. Mgr., National Paper Board Assn.	Lanier, J. C.—Greenville, N. C.	Exec. Sec., Nat. Assn. of Auction & Loose Leaf Tobacco Wholesalers
Brand, Chas. J.—Savannah (4)	Exec. Sec., National Fertilizer Assn.	Locher, H. O.	Alternate, Nat. Assn. of River & Harbor Contractors
Burd, Pauline—Washington	Sec., Institute of Cooking & Heating Appliance Mfrs.	Marks, Edw. W.—New York (3)	Music Publishers Protective Assn.
Chamberlain, A. H.—New York	National Paper Trade Assn.	Middleton, J. E.—Philadelphia (7)	Nat. Assn. of Used Machinery & Equipment Dealers
Dennison, Henry—Framingham, Mass. (1)	Tag Mfrs. Institute	Mittenthal, A.—New York	Director, Nat. Authority for Ladies' Handbag Industry
Edlund, H. A.—New York	Sec. & Treas., Paint & Crayon Industries	Morrison, Norman J.—New York	U. S. Brewers Assn.
Fenton, James B.—Buffalo, N. Y.	Chrm. Exec. Com., Nat. Container Assn.	Noffsinger, J. S.—Washington	Director, Nat. Home Study Council
Garrison, Flint—New York (1)	Director-General, Wholesale Dry Goods Institute	Paine, John G.—New York	Chrm. of Board, Music Publishers Protective Assn.
Glasgow, Tom—Charlotte, N. C. (2)	Motor & Equipment Wholesalers' Assn.	Pennybacker, Miles—Newark, N. J. (7)	Sec., Nat. Electric Sign Assn.
Hollingsworth, W. A.—New York (3)	Retail Tobacco Dealers of America	Plumb, Fayette R.—Philadelphia	Council member for General Mfg. Products Group
Jacobs, B. R.—St. Louis	National Macaroni Mfrs. Assn.	Printz, Alexander—Cleveland	Council member for Apparel Industries
Jones, Rowland—Washington	Sec. National-American Wholesale Grocers Assn.	Pulley, C. H.—Washington	Sec., Motor Vehicle Maintenance Assn.
Kelly, Paul C.—Washington	"Observer" for American Retail Federation	Rowe, Roland H.—Washington (3)	Exec. Vice-Pres., U. S. Wholesale Grocers Assn.

## Lawyers Representing Industrial Interests

Conradis, Albert E.—Washington	General Counsel, Nat. Music Printers & Allied Trades Assn.	Porter, O. M.—New York (4)	U. S. Pulp Producers Assn.
Conradis, Charles—Washington	Ticket & Coupon Mfg. Council for Savings Systems Producers Assn.	Reed, Wm. T., Jr.—Washington	Asst. Counsel, Nat. Assn. of Insurance Agents
Cook, Robert A. B.—Boston (6)	Unidentified New England textile interests	Sloane, D. H.—New York	Nat. Assn. of Printing Ink Makers
Drechsler, David—New York	Sec., Clothing Mfrs. Assn. of America	Syme, S. A.—Washington	Unidentified food mfg. interests
Hartman, S.—New York (6)	Retail Tobacco Dealers of America	White, John C.—Washington	American Ports Cotton Compress & Wholesale Assn.
Jenkins, Felix—New York	Counsel, 20th Century-Fox Film Corp.	Whitney, Carl E.—New York	Paint & Crayon Industry

## Others Listed as "Members" and Reported Present at Jan. 6 Meeting

Battley, Captain Jos. F.—Washington	War Department	Hatmaker, Paul—Washington	Connection not identified
Buck, Major R. S.—Washington	Observer for his own firm of consulting engrs.	Hudson, O. D.—Washington	Connection not identified
Engle, Dr. N. H.—Washington	Department of Commerce	Messinco, Anthony—Washington	Representing shoe rebuilders as an individual
Glover, C. W.—Chicago	American Mutual Alliance	Proctor, C. E.—New York (5)	Construction Engineer

## Also Listed as "Members" Present

Bauer, Robert E.—Washington	An attorney who came to observe for a group of chain stores, but does not consider himself a member	Hanway, Paul S.—New York	Came as an observer for Nat. Fibre Can & Tube Assn., but does not claim membership
Bigler, O. A.—New York	Represents a group of manufacturers, but has no knowledge of having been made a member	Nystrom, Dr. Paul—New York	Is president of the Limited Price Variety Stores Assn., but was not present at the Jan. 6 meeting and has not accepted membership on the council

(1) Member of Council Committee on Industrial Policy; (2) Committee on Maximum Work Week, General Wage, and Child Labor; (3) Committee on Fair Trade Practices; (4) Committee to Deal with Subject of Competition both Internal and External affecting American Standards; (5) Committee on Government Competition with Private

Enterprise; (6) Committee on Anti-trust Laws Including the Federal Trade Commission Act and Their Effect on Industry; (7) Committee on Financial Aid to Small Enterprises. Each of these committees also has a balancing quota of labor union members.

# THE LONGEST-WEARING BELT EVER BUILT

**PROOF**—here pictured is a Goodyear COMPASS (Cord) Belt after 4 years' continuous service on the 85 h. p. drive of a variable speed paper machine in an Indiana straw board mill. No other belt ever gave over 18 months' service on this drive! Many failed in two to three months! More than two times longer service than the best—that's typical COMPASS performance on countless belt-killing drives!

**REASON**—the Goodyear COMPASS Belt is the modern version of the time-proved rope drive. Within a tough protective rubberized fabric envelope, the load is carried by a layer of heavy rope-cord spiralled continuously without a splice—the weak joint in other belts! A patented Goodyear construction, it is the only truly endless belt—

and the most nearly stretchless. The G.T.M.—Goodyear Technical Man—will gladly consult with your engineers in selecting the proper type COMPASS for your hardest drives. Just write Goodyear, Akron, Ohio, or Los Angeles, California—or the nearest Goodyear Mechanical Rubber Goods Distributor.



BELTS  
MOLDED GOODS  
HOSE  
PACKING  
MADE BY THE MAKERS OF  
GOODYEAR TIRES

THE GREATEST NAME  
**GOOD YEAR**  
IN RUBBER

all American industry and is moving toward great achievements.

The skeptics who have taken time to study the membership list of the major's council say, "How come?" They find 64 names listed as "industry representatives," but only a few who represent large industries, well-known industrial enterprises or organizations. Great industrial lines such as automobiles, steel, lumber, food, electrical products, and chemicals, are absent.

Nevertheless, the council is proceeding on exact schedule. Seven committees have been set up, each made up of 4 representatives of management, 4 of labor and such representation as Dr. Walton H. Hamilton may muster in the interest of the consumer.

These committees are expected to

meet as soon as the labor delegates can recover from their attendance at this week's Miami labor meeting, which will probably mean the week of Jan. 27. Then they will prepare the various recommendations that are expected to spring from their midst and these will be put before the entire council at a meeting to be called probably for the following week.

After the council has given its blessing to these, Major Berry may be expected to deliver the product to the President who is expected to pass them on to the Senate and House for appropriate action. The ground that these Berry-made recommendations may cover is foretold by the titles of the seven working committees named at the foot of the list on page 12.

## Pickup-and-Delivery Snarl

**Western railroads' plan for free storedoor service brings vigorous protest from truckers, who fear shippers will demand rebate from them.**

LET both sides lay their cards on the table and "see what happens," American Trucking Associations, Inc., demands in a petition asking the Interstate Commerce Commission to hold up the proposal of Western and Southwestern railroads to establish free pickup-and-delivery service on merchandise freight in 23 states Jan. 20. The truck association asserts that this sweeping move by railroads can only be aimed at the defeat of truck competition and adds that it flouts rulings of the motor carrier act against unfair or destructive competition. With

a new law on its hands the commission is not likely to ignore the challenge, although on Jan. 13 it refused to suspend tariffs, effective Jan. 14, providing free storedoor service in Washington and Oregon.

Association of American Railroads officials are insistent that the establishment of this service by the Western roads "means nothing more nor less than providing as complete a service for the shipping public as that which has heretofore been available to it in connection with the trucking competitors of

the railroad companies, and it is not easily understood why the trucking industry should object to the railroad companies' providing a service equivalent to that which they have always offered."

Pickup-and-delivery is now available quite generally throughout New England, and in Eastern Trunk Line and Central Freight Association territories in connection with some of the railroads, on a free basis within restricted areas of 350 miles and on a plus basis for greater distances. It has been in effect on a free basis in Southwestern territory, first for distances up to 360 miles and later up to 500 miles. Extensive service is also provided by many of the railroads on the Pacific Coast.

### Self-Service Allowance

Proposed tariffs of the Western and Southwestern roads furnish free service within the city of origin or delivery, otherwise within a radius of one mile from the freight depot, and shippers who perform the service for themselves are granted an allowance of 5¢ per 100 lb. Truckers contend that this allowance in lieu of a service which the railroads are not bound to perform is an unlawful rebate. They add that if the allowance should be found a substitute for a required service, then it is illegal if it exceeds the cost of the service.

Other roads have experimented with allowances to shippers and consignees who bring their own freight to or from the railroad. According to Association of American Railroads, such allowances have been less than the actual cost of the service when performed by contractors for the roads.

Truckmen fear that shippers will demand the same arrangement from them, point out that as the trucks are already performing pickup-and-delivery under their rates, such an allowance would be a rebate and that their only alternative would be to set up central shipping and receiving points.

### Separation Urged

Truckers profess that they have no objection to pickup-and-delivery service as such, but contend that railroads should publish amounts they will pay truckmen for performing the service. Many of them object to the railroads' engaging the services of contract truckers, insist that both railroads and truckers should have separate identities as common carriers, under joint tariffs from which each receive a division of the rates.

Not all truckers will agree to this proposition, however. Many of them have pickup-and-delivery contracts with railroads, and an obscure item in an ICC report issued this week reveals that railroads paid \$3,558,000 for such service in 1934. By territories, this meant \$1,406,000 from 17 Eastern roads, \$402,000 from five Southern roads, \$1,750,000 from 30 Western roads.



**THEY EXPECT CARLOADINGS TO GO UP**—Business outlook is good, reports Atlantic States Shippers Advisory Board, which estimates carloadings for three months in 1936 will be 8.2% above shipments for the same period in 1935. Prominent at the shippers' conference were Frank Rich, general chairman (left); J. Howard Pew, president of Sun Oil Co. (center); E. G. Budd, president of Budd Manufacturing Co. (right).





# PROGRESS

## has been made in business

# FINANCING, too!

It is as true in the case of financing as of any other business operation that new conditions call for new methods.

Many a manufacturer whose business is showing new promise finds himself seriously handicapped because of inadequate working capital. Many others, though their capital funds are more than adequate, feel increasing need for more efficient methods of checking credits and financing sales.

So it is that modern commercial factoring, which is one of the *newest*, is already one of the most *effective* tools at the disposal of alert business executives. For commercial factoring speeds capital turnover by releasing dormant funds from accounts receivable and providing cash immediately as shipments are made.

Thus it facilitates any needed expansion of sales or production and, while relieving the manufacturer of all credit risks, enables him to improve his own credit standing.

Get the facts on this vital subject by mailing the coupon now.

## COMMERCIAL FACTORS CORPORATION

TWO PARK AVENUE NEW YORK



Commercial Factors Corporation  
Dept. B-118, Two Park Ave., New York

Send the facts about commercial factoring as it would apply to our business.

Name.....

Firm Name.....

City..... State.....

# Don't let this prospect get away from you!

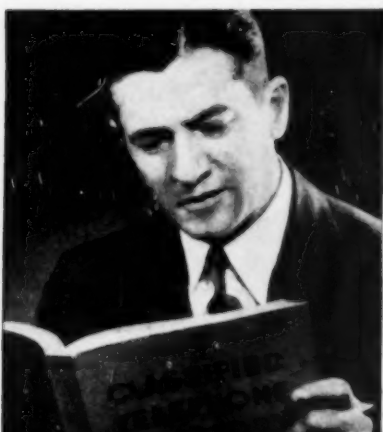
AS far as your products are concerned, he will pass out of the picture — unless he can find the retail outlets that sell them.

There's an easy way to take care of this — adequate representation in the classified telephone directory.

Many well-known advertisers and their dealers are proving the value of this means of identification. Kelvinator, Eureka, Goodyear, Willard,

'blue coal' are a few of the many trade-marks you will find in the yellow pages — and under these brands appear the local outlets.

Let us tell you more about this. Communicate with Trade Mark Service Division, American Telephone & Telegraph Company, 195 Broadway, New York, or 311 W. Washington Street, Chicago.



A LISTING, LIKE THIS ONE, IN THE CLASSIFIED TELEPHONE DIRECTORY, WOULD HELP MAKE HIM A CUSTOMER

**CLASSIFIED TELEPHONE DI**

**Office Equipment.—(Cont'd)**

**REMINGTON RAND**

Baker Vauter - Kalama-  
200... house leaf equip-  
ment and forms. Dalton.  
Remington, Powers...  
adding, accounting, bill-  
ing, tabulating machines.  
Library Bureau... filing  
equipment. Rand Kardex... visible  
records. Remington  
and supplies. Safe-Cabinets.

**"WHERE TO BUY IT"**

Remington Rand Inc.  
1012 Chestnut St. PHN 2600

Riter Co Inc 1811 Calumet  
Rogers B W 1025 Main  
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Sutton A W 1025 Chestnut St  
Sengbusch Settlement Island Co  
Shaw T W Print & Bindery  
Shaw-Walker Co 1010 Chestnut St  
SHOEMAKER JOE L & CO

WAT 2605  
WAT 2671  
WAT 2650  
PEN 3016  
REG 9177  
REG 9136  
PEN 3016  
WAT 2670  
WAT 2670  
WAT 2670

## Sound Settlement

**ERPI waives provisions in movie contracts, gives rivals new chance.**

A LONGSTANDING feud between Bell Telephone's Electrical Research Products, Inc., and Radio Corporation of America over movie sound-recording has been quietly settled. Peace became official with letters from ERPI to the picture concerns waiving parts of its recording contract which kept RCA playing a very faint second fiddle.

Principal results: (a) Movie producers can now use RCA or other recording equipment without paying an additional royalty to ERPI; (b) fees exacted by ERPI for pictures distributed in foreign countries can now be applied to meet the minimum required on domestic picture production—which makes it easier for producers to meet ERPI obligations and give rivals a chance.

The fight dates back to 1927 when Al Jolson's "Jazz Singer" wrecked the silent picture but gave the industry a fresh lease on life. Warner Bros. made this film with Bell System's sound-on-disc equipment. Picture makers began yelling for sound installations. Bell's ERPI capitalized the excitement to sign nearly all the big producers on 15-year contracts. RCA was left at the post, finally buying Radio-Keith-Orpheum to have one big user of its equipment.

### Then Came Sound-on-Film

Meanwhile, RCA research developed sound-on-film which was such an improvement that it killed sound-on-disc. ERPI switched to production of sound-on-film through its cross-licensing agreements with Bell units. But RCA was out because of those contracts by which ERPI had hog-tied picture producers.

RCA had long talked of suit. Last year RCA let ERPI know that it had finally decided to bring federal court action charging restraint of trade. Triple damages (estimated between \$5 millions and \$15 millions) were demanded. Federal investigations into Bell System's ramifications may have been an argument for getting this dispute out of the way. It is understood that no money was involved in the settlement.

Movie makers lease sound equipment. ERPI's fee is \$500 per 1,000-foot negative on dramatics, \$100 per negative on news film. (RCA fees are somewhat lower.) Additional royalties are charged on foreign distribution. Formerly foreign fees couldn't be used to meet the \$100,000 annual minimum required of big companies. Until the recent waivers, producers protested they had to pay double if they used RCA equipment. ERPI asked a royalty on pictures made with its patents—and RCA used ERPI patents through cross-licensing. ERPI equipment was installed. A switch to RCA meant payment to both companies.

# Strange Oversights OF MODERN BUSINESS



THIS MERCHANT  
HAD EVERY ITEM IN STOCK COVERED BY  
INSURANCE. YET COULD ONLY RECOVER  
ONE-THIRD OF HIS LOSS. WHY?

SEE ANSWER 2

ONE MERCHANT WAS FORCED TO TAKE A LOSS ON HIS MER-  
CHANDISE AFTER IT HAD BEEN SOLD AND DELIVERED TO  
CUSTOMERS WHO COULD PAY. WHY? SEE ANSWER 1



WHY DO BUSINESS MEN  
TRUST VALUABLE PAPERS  
IN CONTAINERS LIKE  
THESE? SEE ANSWER 3

## Baffling business hazards . . . and how to safeguard against them

Record Assurance is the new science of appraising the value of your records or documents, then assuring yourself against their loss or damage.

For example: Suppose you were the merchant above, with a normal inventory, thoroughly protected by insurance. Day by day you sell part of that inventory, deliver the merchandise to your customers, make a record of the sale.

Consider what has happened. Your insurance coverage on that merchandise ended when you made the sale. In return you have a piece of paper from which you can collect your claim. But while your insurance on the merchandise was safe and adequate, nine

times out of ten your assurance on that piece of paper is woefully neglected.

This is but one of the strange oversights which the Science of Record Assurance uncovers. If you pay an income tax, if you have accounts receivable, inventories, original documents,—(or if you are a doctor, or professional man with case histories)—you want this full interesting story.

Write and ask us to submit a specimen policy fitting your individual requirements, prepared so you yourself can make an intelligent appraisal of your own situation. Or, telephone the Remington Rand man, ask for a simple 10-minute explanation.

WRITE FOR  
SPECIMEN  
POLICY



*Ok..it's from*  
**Remington Rand**

### ANSWERS TO STRANGE OVERSIGHTS

**ANSWER 1.** After the merchandise had been delivered to his customers' homes, this merchant lost his charge sales record. Since his insurance on his merchandise had stopped when it was delivered to his customers and he could not prove who owed him the money for the goods, he could not collect.

**ANSWER 2.** The merchant had complete coverage on his physical property but could not show complete proof of his loss because his records were destroyed.

**ANSWER 3.** Until Record Assurance was developed there was no scientific way of appraising actual value of different papers. Even when executives believed them protected, equipment was often obsolete. These practices have been stopped in many cases through the purchase of Record Assurance.

REMINGTON RAND, INC.  
Dpt. 313, BUFFALO, N. Y.

Without obligation, please send me specimen Record Assurance policy and tell me how to appraise values of my own records

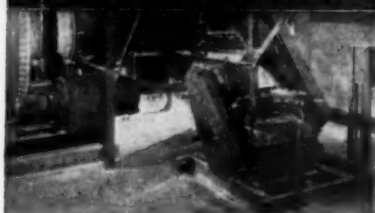
Name

Firm

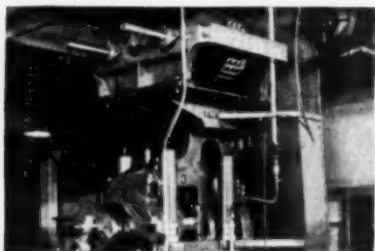
Street  City



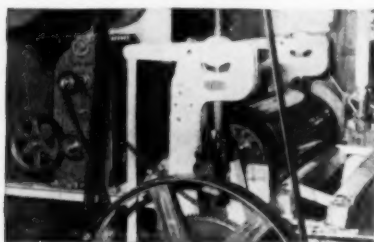
## What's New IN SPEED CONTROL



**VARIES RATE OF FEED.** In the new sewage plant at Perth Amboy, N. J., REEVES Variable Speed Transmissions are installed on conveyor-feeders to control feed of chemicals to coagulate sewage. Rate of feed is automatically varied in exact proportion to rate of sewage flow.



**WIDENS WORK RANGE.** On this punch press, a REEVES Transmission provides infinite adjustability of operating speeds. By turning handwheel, speed of press may be changed while running to compensate for different sizes, shapes, width, thickness, type of metal stock being blanked.



**SYNCHRONIZES PERIPHERAL SPEEDS.** Rolls on this water mangle, operated in range in a textile plant, are driven through a REEVES space-saving vertical Transmission. They may be speeded up or slowed down with micrometer precision—either together or separately—as the processing requires for best results.

REEVES Variable Speed Transmissions are industry's approved, time-tested units for providing any driven machine with infinite speed flexibility. Instantly selective to fractions of R. P. M. Available in a wide range of sizes, designs, controls, speed ratios. Standard equipment on over 1100 different makes of machines.

FREE on request—copy of new Speed Control Handbook, containing 112 pages of valuable information—examples, diagrams, tables—on most efficient methods of speed adjustability.

REEVES PULLEY COMPANY, Columbus, Ind.

# REEVES

Variable Speed Transmissions

## Hotter and Stronger

Steam pressures and temperatures go up and up as power plants, central utilities modernize to meet load.

SPEAK of power, and most people think of power companies with tall chimneys and transmission lines. Actually, industrial power plants produce about  $2\frac{1}{2}$  times as much steam, with five times as much square feet of water-heating surface, as all the utility central stations combined.

Billions of kilowatt hours are generated in these factories, hospitals, prisons, asylums, colleges, office buildings, and other private and public structures. But the kilowatt hour is not the "gold standard" of power generation. Junk every steam engine and turbine, and the heating of buildings and processing of products would continue to consume about 75% as much steam and coal as before.

### High Pressures in Vogue

To this great field of independent power production, therefore, steam is the major factor, though, of course, electrical efficiencies are being improved. And progress in steam technique is building a big market for the equipment with which these power plants, large and small, are modernizing. The main trend is toward more general use of high pressures. This is seen in both utility and industrial plants.

In 11 utility plant expansions that added 312,450 kw. capacity last year, six involved steam pressures under 500 lb., three were between 700 and 800 lb., and two were between 1,200 and 1,400 lb. But the drawing boards of utility engineers tell a clearer story. Political conditions have discouraged expansion, but increasing load forces them to build more capacity. In the search for more kilowatts at lowest cost, therefore, they are turning to the remodeling of old plants. Instead of building new plants at \$80 to \$100 per kw., they are raising steam pressures from 300 to 400 lb. to modern high-pressure levels and gaining capacity at a cost of, say, \$40 per kw.

### New Economies Realized

For example, they throw out 15-year-old boilers and buy new 1,400-lb. boilers to supply a small new 1,400-lb. turbine whose exhaust steam supplies the old 300-lb. turbine. This revitalizes half the old investment and increases the capacity by that of the new turbine. And with this new "plug hat," the obsolete station becomes modern—literally bigger and better—and brings new economies of 10% or 15%. With this new equipment, of course, go new feed pumps and often stokers, pulverizers, economizers, fans, feed water-heaters, and sometimes fuel-handling gear.

No complete data are available on

modernization of industrial plants, but Power has completed a list of 303,400 kw. of new steam-generated capacity, installed by 55 industrials. Definite trend toward high pressures is seen, particularly among the process industries. It takes practically no more coal to raise the 150-lb. pressure of the old plant to 500 lb., though it needs a more expensive turbine and boiler. And high pressure is fast becoming the mark of modernism in power production because of the efficiencies it brings.

### Ford Breaks the Record

Typical of this movement among industrial plants were the following installations last year: U. S. Industrial Alcohol with 250,000 lb. per hr. more steam capacity at 625 lb. pressure and an additional 4,000 kw.; Scott Paper with 125,000 lb. more steam per hr. at 600 lb. pressure and 3,500 kw.; Container Corp. with 200,000 lb. more steam per hour at 505 lb. pressure and 6,000 kw.; Ohio Boxboard with 110,000 lb. more steam per hour at 500 lb. pressure; Titanium Pigment with 250,000 lb. more steam per hour at 448 lb. pressure and 6,000 kw.; and Hershey Chocolate with 150,000 lb. more steam per hour at 400 lb. pressure and 10,000 kw. Firestone installed 300,000 lb. more steam per hour at 1,400 lb. pressure and 10,000 kw. more generating capacity. Weirton Steel made history in its industry with 800,000 lb. per hour new steam capacity at 900 lb. pressure and 815 deg. F., with a new 10,000 kw. turbine. Ford broke all precedents and is installing the world's largest 1,200-lb. turbine, gaining 110,000 kw. and steam at 900 deg. temperature—so hot that the steam pipes glow dull red in the dark.

### Plant Efficiency Improved

For each central station kilowatt of capacity, about 10 lb. per hr. of steam-generating capacity was provided by the power companies in 1935. But the industrial plant ratio was 23 lb. per kw., or more than double. In many industries all the steam is delivered directly to process products and to heat buildings, without generating any power whatever. Other large amounts pass part way through the turbines, bleeding off at whatever pressure is desired, or pass entirely through the turbines and do double duty in process or heating. New installations in paper, sugar, and chemical plants have been made at pressures from 500 lb. to 700 lb., which usually give a good balance in supplying byproduct process and heating steam.

The movement toward higher steam

# Radio on the March

**T**HE Radio Corporation of America during the past year has participated in and contributed to the revival of business activity. During 1935 the RCA research laboratories and experimental workshops developed many new products and services. These already are stimulating public demand and leading to increased employment. The various members of the RCA family have collaborated in the advance made by RCA in the field of universal radio service. A partial listing of these contributions follows:

## RCA MANUFACTURING CO., INC.

Introduced a new line of home receivers, featuring the "Magic Eye," an improved "Magic Brain" and All-Metal tubes; also a 22-tube radio-phonograph including home and radio recording, and offered a library of 460 records of the world's greatest music.

Perfected a new double sound track method of talking picture recording which greatly increases fidelity of reproduction.

Developed a gun detector which automatically sets off an alarm when an attempt is made to smuggle a weapon past the device.

Introduced cathode ray oscillographs and other accurate electrical measuring devices for laboratory and service work.

Developed a new "electron multiplier" which makes possible amplification of the order of millions of times within a single tube.

Produced new types of tubes and improved receivers and transmitters for amateurs.

Made marked advances in exploring and developing the field of ultra-short waves.

Produced an improved optical reduction printer to make 16mm. sound prints from standard-size motion picture negatives.

Established its own aircraft hangar to provide a continuously working demonstration of aviation radio communication apparatus.

## RCA COMMUNICATIONS, INC.

Five cities were added to the RCA inter-city radio-telegraph system which now links New York, Boston, Philadelphia, Camden, Baltimore, Washington, New Orleans, Detroit, Chicago, San Francisco, Los Angeles, Seattle.

Work was started on a 200-kilowatt short-wave transmitter, which will be the highest-powered of its kind in the world. It will assure even more efficient transatlantic commercial service.

A specially designed telephone switchboard was installed at the central office in New York to speed up international communication service to direct-wire customers.

A new "radio switchboard" which enables one operator to route signals from 20 or more countries eliminates delays in communication with smaller nations.

## RADIOMARINE CORP. OF AMERICA

A new Birthday Greeting radio telegram ship-and-shore service was inaugurated.

Motor lifeboat radio equipment, with a range of 75 miles, was introduced. The new instruments are compact, sturdy, simple in operation, and will prove invaluable in service.

A new, compact radio direction finder for yachts and small ships was developed.

Tests in transmitting complete weather

maps to ships at sea were concluded and limited service will now be started.

A Radio Gift Service, enabling friends ashore to send gifts to passengers on large ships, was popularized.

## NATIONAL BROADCASTING CO.

Continued erection of so-called anti-fading antennas at broadcasting stations, to improve service to outlying areas.

Installed additional 50-kilowatt transmitters, enlarging broadcast areas and providing stronger signals.

New studios, equipped with the latest perfected apparatus, were opened in Hollywood as part of the development of the film capital as an important source of programs. Construction also was begun on new studios in Chicago.

Many improvements were developed in the use of ultra-short wave in field pickups from airplanes, trains, boats, etc.

World-wide broadcasting service was made even more reliable through improvements in methods and apparatus.

A self-operating transmitter with automatic volume control was developed for use by the balloonists in the record-breaking stratosphere flight. A perfectly-executed aerial tie-up made possible two-way conversations with the balloon and the China Clipper, a London newspaper, and several stations in this country.

Many advances in acoustical science were made in the studios.

In these and other RCA services, the public finds every facility in the field of radio for business, pleasure and the safeguarding of life on land, sea and in the air. Many additional developments, such as television and facsimile are now taking form as a result of RCA research. Radio will have an increasingly important part in the affairs of every day life during the coming years.



Demonstrations of the scope and utility of RCA services are included in the enjoyable RCA Magic Key program each Sunday afternoon at 2 o'clock, E. S. T., over an NBC-WJZ nationwide network.

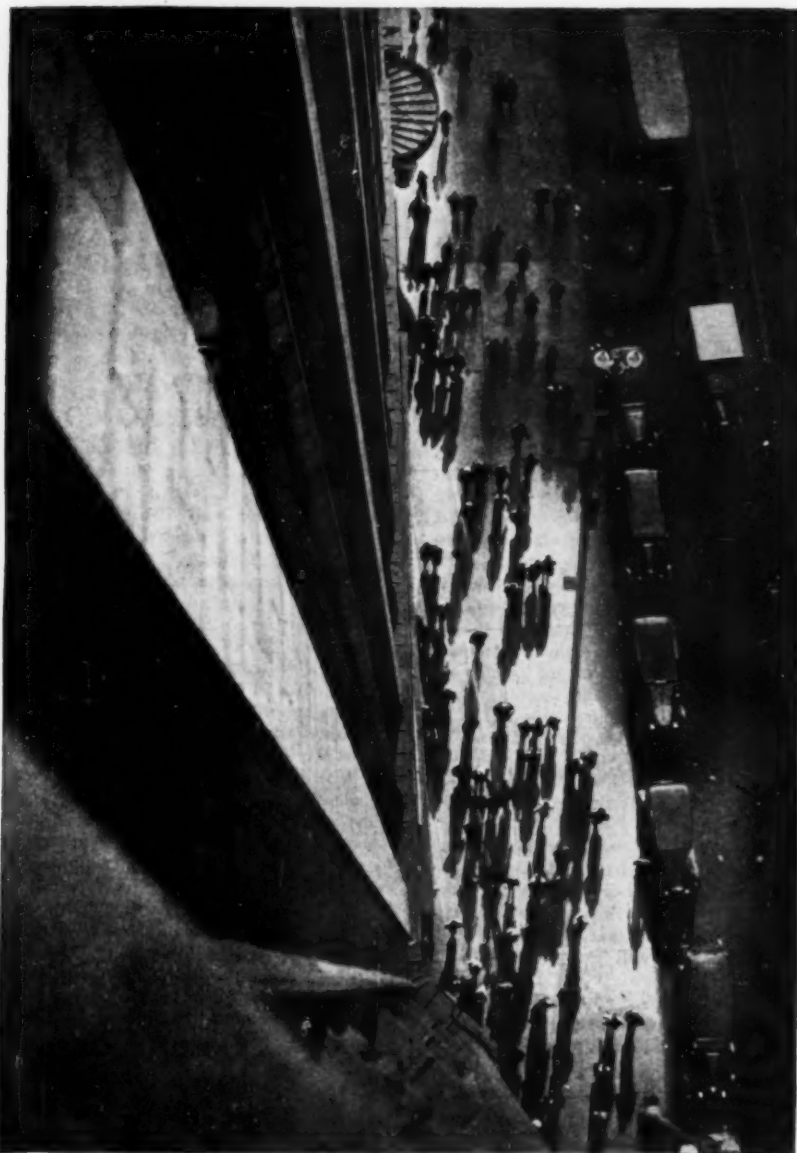
## RADIO CORPORATION OF AMERICA

RCA BUILDING, RADIO CITY

RCA COMMUNICATIONS, INC., 66 Broad St., New York—HAnover 2-1829 • RCA MANUFACTURING CO., INC., Camden, N. J. and 411 Fifth Ave., New York—AFHland 4-7601  
RADIOMARINE CORP. OF AMERICA, 75 Varick St., New York—WAlker 5-1716 • NATIONAL BROADCASTING CO., INC., RCA Building, Radio City—CInch 7-8100

# CUSTOMERS WON'T WAIT

## For Ordinary Concrete to Harden



**G**OOD customers are hard to get, easy to lose. Barricades in front of a store, theatre, restaurant, service station, mean profit-losses—for the public doesn't like obstructions. 'Incor' 24-Hour Cement prevents these losses—because it hardens 5 times as fast as ordinary cement. Example: Busy State Street sidewalk, Chicago (above), resurfaced with 'Incor' on Sunday, was in use first thing Monday—no business disruption, no lost sales. For repaving streets, industrial driveways, factory floors, wherever concrete is used—'Incor'® saves time and money, prevents business dislocation. Made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other leading cement manufacturers.

\* Reg. U. S. Pat. Off.

## 'INCOR' 24-Hour Cement

temperatures, such as Ford's 900 deg., is made possible by progress in metallurgy. In another year or two some plants may pass 1,000 deg., but further progress probably will be slow. Heat also has its law of diminishing returns. No notable increase in central station efficiency seems in the cards unless they turn to the steam mercury cycle now giving economies of 0.7 lb. of coal per net kw.-hr. in Hartford and Schenectady. Nor is much room left for improvement in electrical generators, though the Logan, W. Va., central station is experimenting with higher speed and running a 40,000-kw. machine at 3,600 r.p.m. which is more than twice the size of any previous 3,600 r.p.m. turbine. With higher speeds, smaller, less expensive units can be used.

Meanwhile Great Britain, usually trailing the United States in power development, is working in another direction and now leads in smoke prevention. Flue gases of great central stations near London are now completely laundered at an investment cost of roughly \$5 per kw. They use 20 tons of scrub water per ton of coal burned—but 95% of the stack dust and sulphur is eliminated.

## Platinum Boost

**World consumption of the white metal gains with increased demand for jewelry and for industrial uses.**

JEWELRY has been a barometer of prosperity through the ages. When men feel prosperous they buy ornaments for the ladies. And so world consumption of platinum metal rose from 200,000 oz. in 1934 to 275,000 oz. last year. Much of the increase was for the jewelry trade, which since July has steadily built up its takings. Demand for platinum jewelry is growing—and a lot faster than that for white gold and cheaper white materials. The ladies now want real platinum and yellow gold—not substitutes.

But industry is also using more platinum—for instance, platinum-gold spinnerets in rayon mills for handling caustics, and platinum points in magnetos for airplanes. Dentists are consuming an increasing amount. Chemists are experimenting with platinum-clad equipment for resisting corrosion in the laboratory and plant.

### Big Soviet Production

Canada and Russia get the benefit. Up to war times the Russians provided the principal source of supply. They placer-mine the pure metal. Since the war no statistics have been available on Soviet production, but it is estimated at 100,000 oz. However, the gradual development of copper-nickel deposits by International Nickel Co. has built up



# Announcing New 1936 DODGE TRUCKS

WITH THE MOST AMAZING GROUP  
OF ADVANCEMENTS IN TRUCK HISTORY



**"PRE-PROVED"  
ECONOMY**  
Saves Up To \$95 a Year In Gas Alone

**"FORE POINT"  
LOAD  
DISTRIBUTION**  
Increases Hauling Efficiency...  
Saves Tires and Upkeep

**GENUINE  
HYDRAULIC  
BRAKES**  
Saves Tires, Relining and  
Adjustment Expense

**BRILLIANT  
NEW STYLING**  
Builds Prestige...Helps  
You Get New Business

DODGE announces sensational new 1936 trucks! Planned...engineered...and actually "Pre-Proved" to deal a smashing blow at truck costs in the lowest-priced field. This slashing of costs for truck users everywhere is accomplished by a combination of advancements new in truck history. Behind-the-scenes tests in the laboratory and in actual use from coast to coast indicate savings of up to \$95 in gas alone. Another 1936 feature, new

"Fore Point" load distribution, measurably increases hauling efficiency. The list of important money-saving advancements reads on and on. They are all set down in plain black and white for you in the 1936 "Show-Down" Score Card that gives comparative facts about all 3 lowest-priced trucks. Get a copy and see what Dodge has for 1936. You'll be amazed! See your Dodge dealer today!

**DODGE**  
Division of Chrysler Corporation

**STILL PRICED WITH THE LOWEST**

½ TON CHASSIS  
6 CYL. - 115" W.B.

**\$370\***

\*List prices at factory, Detroit, subject to change without notice. Special equipment, including dual wheels on 1½-ton models, extra. Through the Official Chrysler Motors Commercial Credit Company New 6% Time Payment Plan you will find it easy and less costly to arrange time payments to fit your budget.

**DEPENDABLE**  
**DODGE TRUCKS**

the Canadian platinum byproduct output until it now leads the world. In 1930 the output of platinum metals in the Dominion was 68,000 oz., last year it was close to 200,000 oz. Only 3,000 oz. are produced in the United States, also a byproduct. South America and South Africa both provide small amounts. This production totals more than the estimated total consumption—

which may mean an overestimate on Russia or a balance not consumed.

Russia and Canada have cooperated to maintain a stable market and American refiners have been working hard to develop the use of this metal. The average price of refined platinum in New York in 1935 was \$34.15 against \$36.46 in 1934, and \$30.99 in 1933. Gold is now dearer—\$35 an oz.

## The Case of Harry Bridges

**Radical leader's actions force a crisis in marine labor situation. New strike threatened at Pacific ports. Ships avoid San Francisco. Seamen's union holds convention in Washington, facing a showdown on left-wing locals.**

THIS week a crisis in the marine labor situation was rapidly approaching. It involved these questions:

Whether the International Longshoremen's Association and the International Seamen's Union shall lose all power to a great new industrial union, dominated by Harry Bridges, the slim, youngish, mild-appearing, Australian-born longshoreman who led the waterfront strike at San Francisco two years ago and since then has become the most powerful labor leader on the Pacific Coast.

Whether intercoastal lines shall discontinue San Francisco service.

Whether there shall soon be another great waterfront strike at San Francisco and perhaps at other Pacific ports.

In Washington the International Seamen's Union this week began a ten-day convention. It had to decide whether to revoke the charters of the seamen's locals that have joined Bridges' Maritime Federation of the Pacific Coast, which was founded a year ago, includes both seamen and longshoremen, and has instigated many strikes in violation of union contracts.

### Act or Stall

In Miami the executive council of the American Federation of Labor began its annual meeting. It had to decide whether to act or stall on the campaign of John L. Lewis' Committee for Industrial Organization, which demands industrial unionism—of which Bridges' federation is a dramatic and important example.

In New York Basil Harris, vice-president of the International Mercantile Marine Co., announced that the firm's ships would avoid San Francisco for the time being. They would stop at San Pedro, the port city of Los Angeles. One of the ships, the *Pennsylvania*, had been tied up at San Francisco for five days because of a strike by 400 seamen, who demanded Pacific Coast wages, which Bridges has forced up above the Atlantic Coast level.

And meanwhile 59 ships, of which 50 were coastwise steam schooners, while the others were intercoastal liners, were tied up at Pacific Coast ports by Bridges' strikes.

Bridges did not go to the Washington convention, as he is not a seaman. He let his lieutenants in the seamen's unions conduct the fight. He had made it plain that the revocation of the left-wing locals' charters would mean civil war in the international, possibly resulting in its destruction.



**RULES RADICAL LABOR**—Harry Bridges gained national attention when he led the San Francisco waterfront strike two years ago. Since then he has been constantly active, organizing in the ranks, and today a great struggle in the shipping industry is the result of his aggressiveness.

Victor A. Olander of Chicago, secretary-treasurer of the international, made a report denouncing Bridges' federation. Olander was slated to become president of the international in succession to Andrew Furuseth, who is very old.

Revocation of the charters was demanded by Paul Scharrenberg, secretary of the California State Federation of Labor, who has been expelled from the Sailors' Union of the Pacific, which is affiliated with Bridges' federation.

In San Francisco, shipowners clearly indicated that if the international did not act vigorously against Bridges, there would be an early showdown. This means a big strike. Bridges has claimed the general support of Pacific Coast labor. Conservative labor leaders deny this. The newspapers have been denouncing Bridges for two years, and public opinion is generally hostile to him.

Secretary of Labor Frances Perkins, Assistant Secretary Edward F. McGrady, and President William Green of the A. F. of L. have all been urging the Pacific Coast maritime unions to cease violating their contracts, but the unions are sticking to Bridges.

### Record His Strength

His big advantage is his past success. Seamen on the Atlantic Coast get \$57.50 a month, without overtime, while those on the Pacific Coast get \$62.50, with overtime. Longshoremen's pay at Pacific ports is also higher, being 95¢ an hour for a six-hour day. The short day helps spread the work around the union.

Bridges has gained influence by his help to the Gulf Coast longshoremen in their recent strike. He instigated many sympathetic strikes at Pacific ports. As a result he has picked up a following on the Gulf Coast, and a meeting was held in Houston last week to start a Maritime Federation at the Gulf ports.

He has announced that he will invade the East with similar tactics. But conservative leaders have answered that they will form a Maritime Federation of their own in the East, excluding radicals.

### May Gain Wide Power

If Bridges succeeds in spreading his Maritime Federation, it may eventually obtain all the power of the seamen's and the longshoremen's internationals.

The longshoremen's contract has nearly a year to run. The seamen's contract at Eastern ports expired Dec. 31 but was renewed for a month, pending a decision of the members whether to accept a continuation of the previous terms, or to persist in their demand for a 20% wage increase. Seamen objecting to this truce caused the recent strikes.

The Pacific Coast longshoremen have decided that they will not work any East Coast ship on which striking crews have been replaced. The *Pennsylvania* got away from San Francisco with a skeleton crew of strikebreakers but no passengers.



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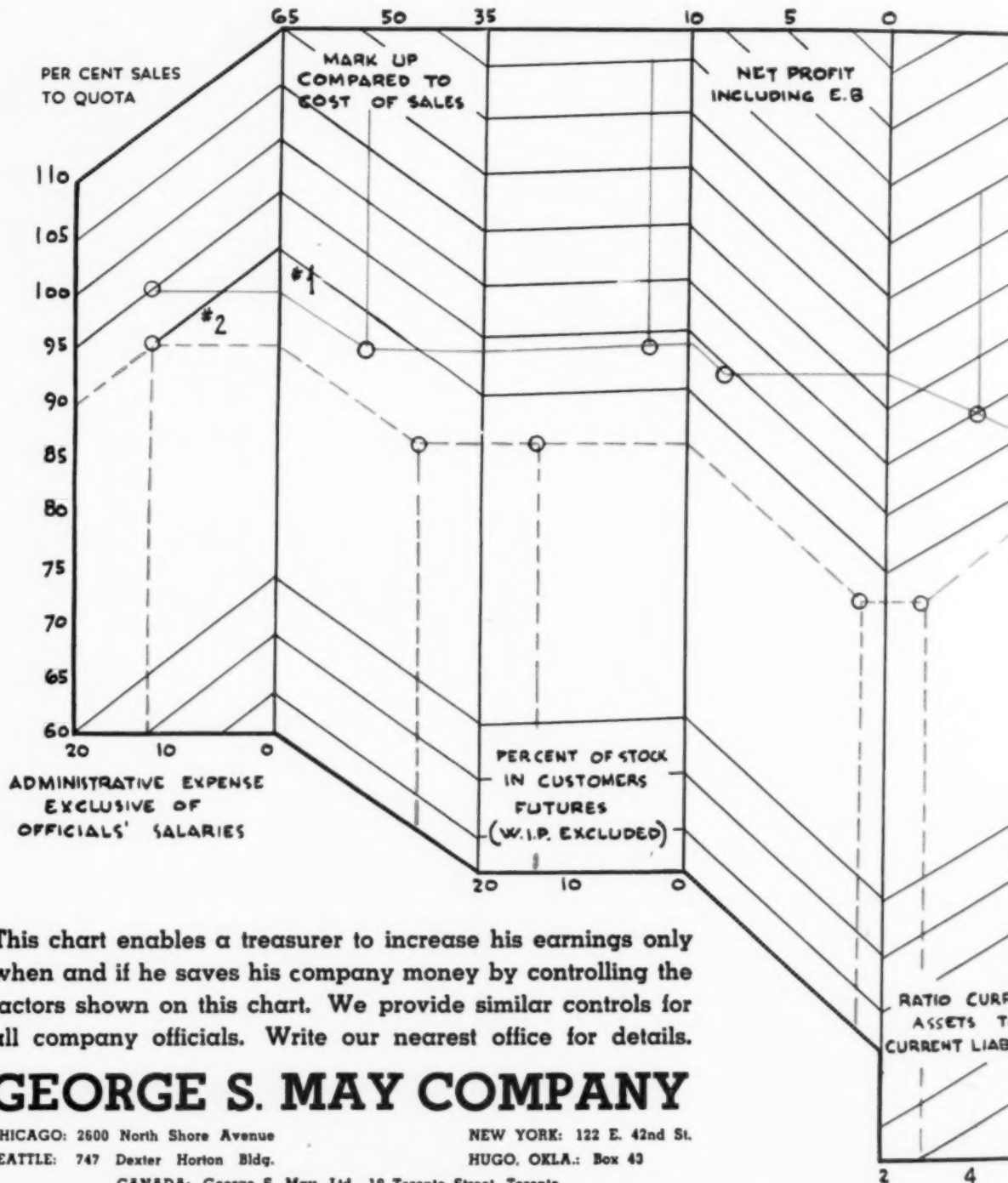
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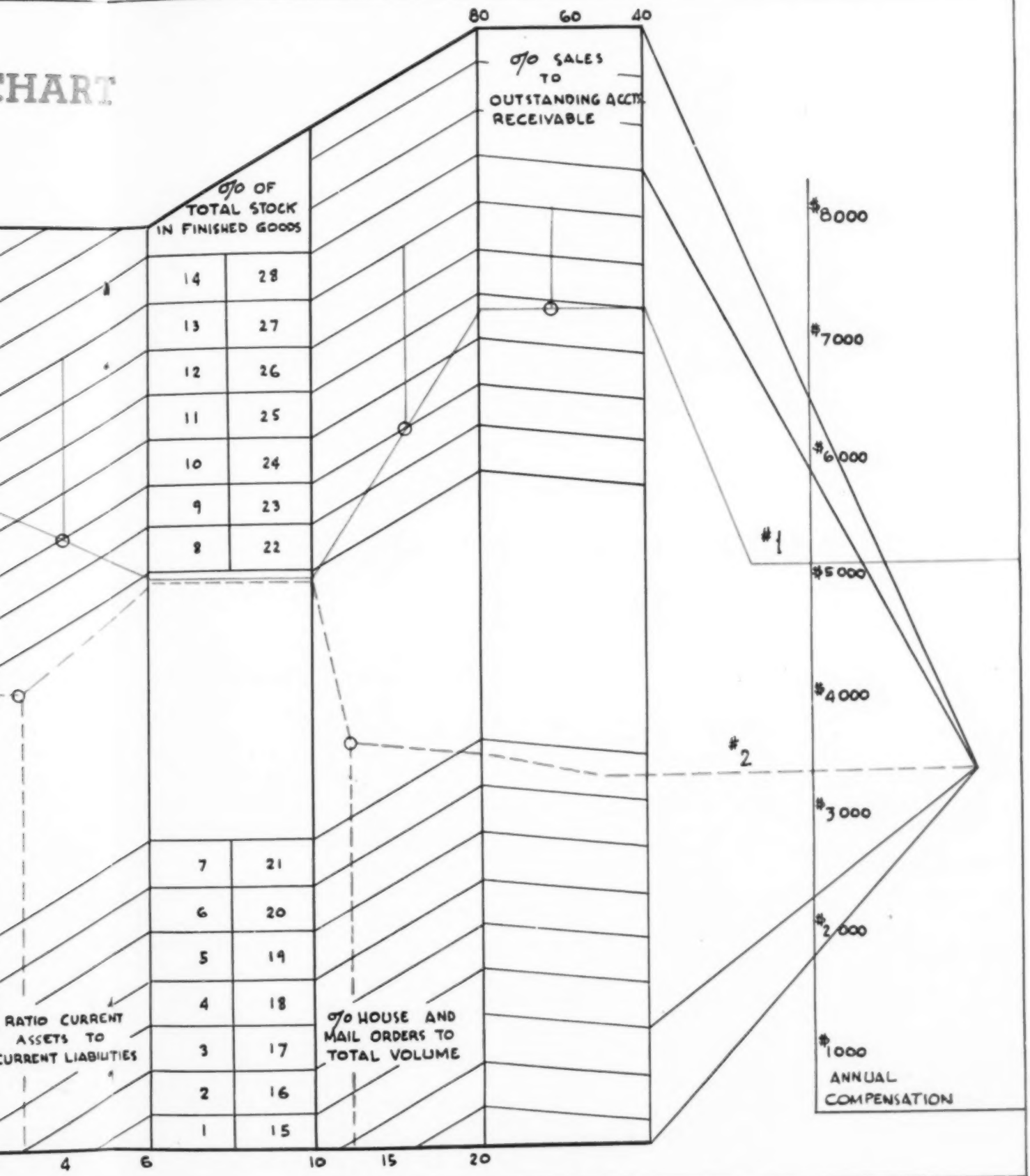


# MAY MANAGEMENT CONTROL CHART FOR A TREASURER



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# CHART





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always equalized for quick, unswerving,  
"straight line" stops



## NEW FULL-TRIMMED DE LUXE CABS

with clear-vision  
instrument panel



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with increased horsepower, increased torque,  
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with barrel type wheel bearings  
exclusive to Chevrolet



# Where Farmers Go From Here

**Farm income won't reflect AAA loss immediately but, unless repairs are made quickly, bad news may be expected in the fall.**

AAA has toppled. Where does the farmer go from here? That is the question that deeply concerns the man for whom AAA was reared.

The cry for farm relief worried a series of Presidents before Roosevelt. AAA quenched it, but now it may return. This week in Washington, farm leaders (with the notable exception of AAA opponent Dan Casement of Kansas, who was told tartly to stay away) met with agriculture officials to raise, if possible, some new phoenix from the still warm ashes (page 8).

Whatever it will be it is not likely to bring back those lovely years of \$10-billion income that the farmers saw from 1924 to 1929. But if it equals the AAA it will satisfy the farm population pretty well. For AAA went to work in 1933 after the preceding year, with a total cash farm income of \$4.3 billions, had struck a disastrous low for modern times, and brought income up to \$5.1 billions. In 1934 the figure rose to \$6.4 billions, in 1935 it was estimated at \$6.8 billions, and this year, regardless of whether there is an AAA substitute, it will go beyond \$7 billions.

## AAA Only Part of Story

That is progress in any language. But it was not all AAA money. Beginning in the latter half of 1933 AAA crop benefit payments aggregated only 8% of farm income for 2½ years. Also there is the never settled question of whether AAA was entirely or even largely responsible for the reduction of surpluses in important products which naturally created price advances. In cotton it was AAA and the Bankhead law which very definitely accounted for a cut from a 13-million bale carryover at the peak to the 9 million bales carried into the new season last August. But also these same factors lost us more than 1 million bales of annual export business, encouraged foreign production to a new record high, and kept domestic business at home at a subdued level.

In wheat the first 15% curtailment order in 1933 brought no change at all in the acreage figures, but the drought that year did all the AAA wanted to do. In the next year, drought again submerged AAA curtailment plans. In 1935, acreage was above the 1930-32 average and only rust infection kept the production totals down.

Similarly there is a confusion of forces in other commodities which makes it extremely difficult to appraise AAA's direct influence. Add to this the fact

that dairy and poultry products, the two leading cash income builders, did not come under AAA at all and the subject is further befogged.

Be that as it may, the farmer has been increasingly happy, and in 1935 he was receiving prices which held a better relationship with prices he had to pay for industrial products than at any time since early 1930. Now, the question is, what next?

The answer comes in two sections. For the immediate future, no harm to farm income is apparent. There is no division of farm production, hitherto controlled, that can be unleashed overnight to bring about embarrassing supplies. Cotton is perhaps the greatest problem. It will be planted in another month and picking will start next August. If some check is not introduced, it is entirely possible that a heavy acreage will be planted and a large crop produced. Secretary Wallace speaks of 16 million bales or more. Such a production would be 4 million bales more than we sold or used in 1935 and would promptly set the cotton industry back where it was before AAA. But until next August there is no such prospect. The last crop was 10 million bales, necessitating drawing upon surplus for about 2 million bales before the season's end. Practically all of the surplus is held by the government, which is not likely to sell it below 13½¢. Hence the cotton outlook without an AAA or effective substitute is for sustained prices through most of this year—afterward weakness.

## Spring Wheat Question

Winter wheat is already in the ground, cannot be increased, and the outlook is for 530 million bu. production. Spring wheat, generally about half the total of winter wheat, must be added, and spring wheat is the unknown quantity this year. Without AAA, spring wheat growers are free to plant heavily. But good seed is not abundant and Northwest farmer finances not too good, hence a moderate combined crop which will produce a small surplus is tentatively indicated. Unless the weather should be unusually favorable, there is no ruinous surplus to add to the 1935 normal carryover in sight until 1937, regardless of AAA.

Hogs and cattle obviously cannot be multiplied on short notice. No matter what happens, normal hog population will not be approached until spring of 1937 at the earliest. Meanwhile, the



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### BUSINESS WEEK

330 W. 42nd St., New York City

total is building up, with a larger 1935 fall pig crop and another increase expected this spring, but numbers are still small. AAA had no cattle program aside from the emergency slaughter campaign in which 7 million animals were killed. This loss, together with the natural drought loss, has left a deficiency in beef population no greater than 10% but needing time to be fully repaired.

### Deferred Effect

Farm income during the first half of 1936 should show no injury at all from AAA's dismantling. In some lines it probably will increase. But in the fall, effects will begin to appear unless a new farm program is set up soon.

As a general rule, removal of taxes on perishable products will promptly benefit producers, since the perishables are responsive almost solely to supply and demand. Hogs are in this class and the prospect is that prices paid to hog producers will advance with the processing tax removed, because supply is small and it is a sellers' market. Packers may want to sustain retail prices and keep hog prices from coming up by the amount of the tax, and producers may temporarily depress the market by flooding it as they did shortly after the AAA decision, but in the long run it works out to the producers' benefit.

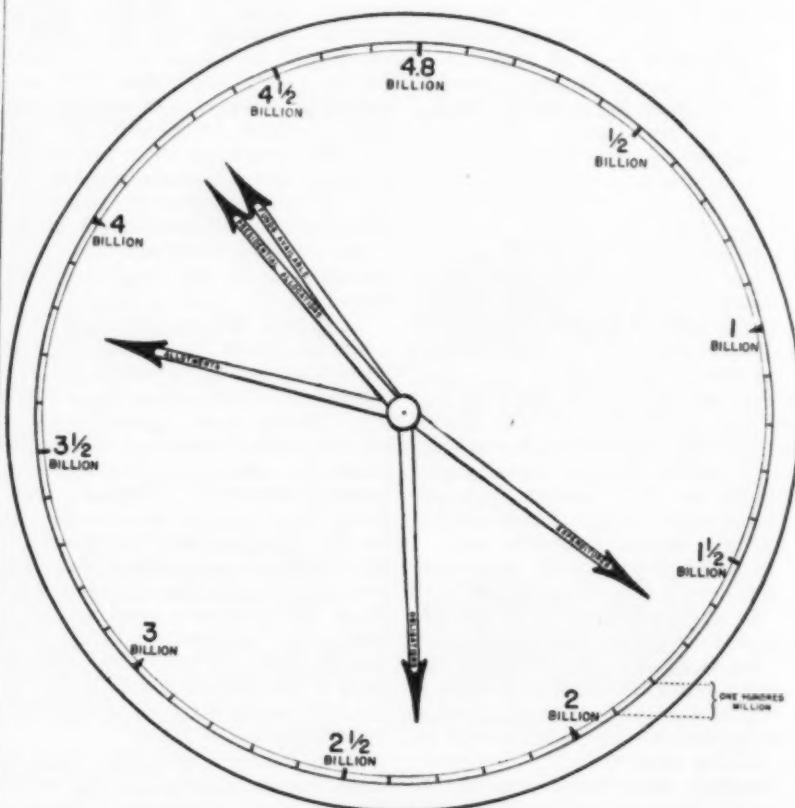
Cotton and wheat are not in the perishable class. Cotton can easily be held up by the government policy on loan cotton. Operation of supply and demand influence in grains might be deferred for a time by loans or other devices aside from crop control. But in the end, without production control, the outlook is for higher production and lower prices all around.

Sugar, one of the AAA subjects, is in a class by itself. Two-thirds of our consumption comes from offshore, is subject to quota under the Jones-Costigan act, and, according to Department of Agriculture, is unaffected by the AAA ruling. So long as the quotas are respected, sugar prices are safe.

## Relief Report

**Congress gets an accounting of the work done and jobs made by its \$4.8-billion appropriation.**

PRESIDENT ROOSEVELT says that all of the 1935 appropriation of \$4,880 millions for "relief and recovery" is allotted, obligated, or "hung up on a peg" beyond recall. When he asked for the money a year ago, Congress, impressed by the sheer magnitude of the sum, asked the President to render an



**WHERE EMERGENCY RELIEF STANDS TODAY**—Presidential allocations have nearly reached the sum of funds available, with actual allotments not far behind

accounting Jan. 10 this year and next. It was one of very few conditions that were attached to the appropriation. By reading a 200-page report, Congressmen got a good idea this week of where the money has gone, or more accurately, where it will go when it's spent.

Because of various deductions for FERA, Farm Credit Administration, and other agencies, only \$4,459,500,000 was available for allocation by the President by the time the act was passed. Of this amount he has drawn down \$4,300,000,000, of which only \$55,195,951 had not been allocated, as of Dec. 31. Actual expenditures, on the other hand, total only \$1,672,394,306.18, of which \$902,274,189 went to FERA for direct relief during six months that the works program waited until a button was pressed at the White House.

#### Some Money Left

In his budget message to Congress two weeks ago the President figured that he'd still have \$1,102,824,632 to spend next year (beginning July 1, 1936). But it's "checks issued" that interest Congressmen and this is shown in the report in fairly satisfying detail.

Employment created by the program is reported as 3,541,284 and will probably stick close to that figure for some time to come, as workers were assured by Harry Hopkins in an "open letter" Jan. 11 that they did not need to leave WPA except for a full-time job at standard or going wage rates and that they did not have to "accept" work "in conflict with established union relationships." In other words, a union man will not be required to take a job in an open shop. Hopkins says workers who leave WPA for temporary private jobs may return when the jobs blow up.

### Salary List Squeal

**Publication of corporation payments above \$15,000 neither required nor barred in law. Repeal highly doubtful.**

LOUD squeals arising from publication of corporation salaries over \$15,000 (the list which lately spiced the reading matter of a delighted public), has led to one of Washington's typical buck-passing episodes in attempting to fix responsibility for the disclosures.

Fundamental basis for the revelations is section 148(d) of the revenue act of 1934, which directs the Treasury to list and report to Congress names and compensation of all corporation officers and employees receiving over \$15,000 in annual compensation. The law does not provide that the list shall be confidential, neither does it authorize publication.

The Treasury, in compliance with

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this section, prepared the list and submitted it to the Speaker of the House. The latter passed it on to the Committee on Ways and Means, first port of call for fiscal legislation. Here, according to the Washington story, sundry reporters started to work on the committee in an attempt to get the list released.

At this point the story breaks up into two versions. One is that the committee released the information; the other is that a press association, having somehow obtained a few sample figures, broke the story by publishing them, whereupon the harassed committee, unable to resist the pressure brought by further demands, suddenly discovered that the list was a public document and could not be withheld.

#### Contrary to Policy

The list is therefore a public document in fact; its status in law probably never will be determined. Balanced against the lack of a secrecy requirement in the law is the general government policy, dating back to the inception of the income tax, that all returns are secret unless Congress directs otherwise. Severe penalties are set for divulging such information, but they apply only to Treasury employees and, since the repeal of the "pink slip" clause, to state and local officials who inspect the returns to catch up on local tax evaders. Congressmen are not mentioned.

Springing to the rescue of harassed constituents, Senator Copeland has introduced a bill for repeal of the offending section 148(d), which was referred to the Committee on Finance. It will take pressure to put it through, for there is a large faction in Congress

that favors full income-tax publicity, and the number of toes trampled on does not begin to compare with those hit by the outlawed pink-slip provision. Besides, the publicity is duck soup for politicians who want to call business men "plutocrats."

## What the Bonus Will Buy

**Payments to veterans are expected to offset usual summer slackening of business. Legion gives figures on purchases, including homes, cars, and clothing.**

#### WASHINGTON (Special Correspondence)

—While the bonus bill moved through Congress this week, Treasury experts attempted to estimate its economic effects. The money will begin flowing out to the veterans in summer, somewhat offsetting the seasonal letdown.

Of the 3½ million veterans, half a million have borrowed nothing on their certificates. As they are not hard-pressed for money, they will probably accept government interest instead of immediately turning their bonuses into cash.

Most of the other three million are expected to take the cash very soon, some because they urgently need it, others because they are habitual spend-

ers, and the rest because they think they can make better use of their money than to leave it in the Treasury drawing interest.

Nobody can do more than guess how much cash will be drawn out. But it is possible to be a little more accurate about what will be done with it by those who get it.

Ralph T. O'Neil, national commander of the American Legion, says that veterans who have borrowed on their certificates, and have made their loan applications through the Legion, have spent the money for the following purposes, in the main: paying off mortgages; maintaining their small businesses; buying farm equipment, livestock, and seed; and paying debts.

Any competent observer, however, knows well enough that many of the veterans used the money to pay their current living expenses.

#### How They Will Spend It

As to what will be done with the bonus money this year, the Legion has obtained figures by sending questionnaires to Legion posts. The first 42,500 questionnaires returned were handed over, unopened, to George S. Olive & Co., certified public accountants of Indianapolis, where the Legion has its executive offices. The auditors reported that the bonus money would be spent in the following manner:

Paying debts, 31.363%.

Building and repairing homes, 13.076%; buying homes, houselots, and farms, 11.466%; furniture, 5.862%; radios, refrigerators, and furnaces, 1.963%.

Men's clothing, 2.592%; women's and children's clothing, 4.442%.

Cars, trucks, and accessories, 6.467%; farm implements, 2.204%.

Investment in own business, 6.706%; stocks and bonds, 1.089%; insurance, 3.382%; education, 0.898%; savings accounts, 4.470%.

Miscellaneous, 4.020%.

But the significance of the above figures is impaired by the following considerations:

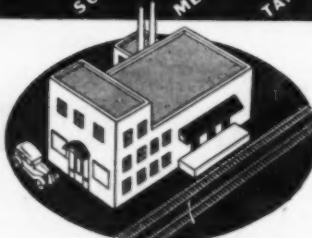
The Legionnaires expected they

**KOPPERS AND THE Drug INDUSTRY**

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would get cash. Getting the right to draw interest henceforward on the 1945 maturity value of the certificates will cause many to behave differently. For example, practically none will take money from the Treasury in order to buy securities or put it into savings.

The Legion says 33.5% of its members own their own businesses. Obviously this percentage is higher than that for all the veterans. It is reasonable to infer that the average veteran will spend less money on business, education, etc., and more for immediate necessities and conveniences, than the average Legionnaire will.

And lastly, people filling out a questionnaire are apt to go solemn and important, and neglect to tell the whole, plain, trivial truth about their desires.

## Disapproval Brews

**Beer interests balk at identity standards proposed by FAA.**

BREWERS have uncapped a large bottle of disapproval for the Federal Alcohol Administration hearing on proposed regulations for their industry. As predicted (*BW*—Jan 4 '36), they have refused to accept control of identity standards incorporated therein.

Protesting that proposed identity standards (which would control method of fermentation and alcoholic content of beer, ale, porter, stout) would stifle their art, brewers challenged the legality of the proposals. They also questioned FAA's admitted purpose for proposing them (that they would afford consumer protection).

Brewers did offer to accept the proposals as "advisory," but there is no indication that FAA will drop its insistence on the standards. In fact, indications are to the contrary, despite the strength brewers showed in changing regulations for their industry in the FAA bill as passed by the House, and in the final law. Consumer protection is becoming a New Deal watchword.

Also as predicted, brewers, with the exception of specific objections to minor particulars, endorsed proposed FAA exceptions to tied houses and restrictions on giveaways. Brewers, distillers, and vintners unanimously proposed, during hearings on these changes in regulations, that each branch be considered independently on fair-trade practices. FAA has the proposal under consideration.

Meanwhile, brewers' other troubles are not lessening. Sentiment is growing—in Congress at least—for placing them under the permit system, as distillers now operate. Rumors persist that some members of the industry are again interested in tied houses. Basis for this is said to be large real estate purchases in a Midwestern city.

## New Products

**New things, new ideas, new designs, new packages, new manufacturing and marketing methods.**

FOR analyzing colors, for accurate checking of color-matching in commercial processes, and for production of new colors with predetermined characteristics, General Electric Co. offers a recording photoelectric spectro-photometer. Within three minutes after the sample is placed in the photometer, this new instrument delivers a chart, showing the color analysis.

UNITED STATES STONEWARE CO. announces Flexlock pipe joints for ceramic piping. These are molded rubber rings with internal and external circumferential ribs which grip the bell and spigot of the pipe. They are advertised to produce a positive, tight joint unaffected by any fluid, to be usable on horizontal or vertical lines with equally satisfactory results.

ACME STEEL CO. announces a heavy-duty floor steel for reinforcing new or old floors in industrial plants. Rolled steel is woven into mats with  $1\frac{1}{4} \times 1\frac{1}{4}$ "



*Business Week*

mesh, may be laid over concrete, brick, wood, or any other type of floor, and when filled with concrete or asphalt mastic is said to provide a quiet, non-skid, long-wearing surface.

THORO moistener for gummed surfaces is advertised by Eveready Label Corp. as having a new type, self-cleaning, non-congealing moistening velour and non-corroding aluminum cap and cover, and as usable in any position.

TYPEWRITER SPEED RETRACTOR CO. offers a foot-controlled device for retracting the carriage of typewriters. It is said to increase the speed and accuracy of typists, may be easily attached to any standard machine.

THE recently-patented Air Meter glass window ventilators, offered by Continental Screen Co., are adjustable to fit any window, easily installed and quickly removed. They may be raised and lowered to suit individual requirements, and sell at a popular price.

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*This cocktail set, made from Acme Stainless steel, is just an example of the ability of this fine steel to form beautiful products, that withstand the attacks of rust, tarnish or stain.*

When you buy Acme Stainless—as any Acme Superstrip—you get strip steel that fits your own product and production needs. It is made to order every time. Even the way it is packed for shipment, fits your production line.

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### Hot Water

Par-boiled backs are out. Showers that bite the hand that adjusts them can be tamed. Sylphon Thermostatic Water Mixers effectively mix hot and cold water and deliver it at any uniform intermediate temperature desired. Sizes for individual bathrooms, large washrooms, gang showers, and for the volume requirement of industrial processing. Bulletin AW40.

### Degrees are Dollars

In exacting operations in the Food, Chemical, Textile and other processing industries, antiquated "rule-of-thumb" methods of temperature control may mean the difference between profit and loss.

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### Miracle in Metal

The famous Sylphon Seamless Metal Bellows, the heart of all Sylphon Controls, is the most widely used thermostat element in the world. Its conceded superiority is reflected in the simplicity, accuracy, reliability and long life of Sylphon Instruments. Bulletin AW121.

Whatever your temperature control problem, write Fulton Sylphon Company, Knoxville, Tennessee, on your letterhead for helpful, expert advice without obligation.

## Airlines Seek Standard Planes

**Five companies form association and ask manufacturers to build planes to standard specifications.**

FIVE of the big airlines are taking a flyer on cooperation. They are working together on plans for a new transport for long-distance operation, with more payload than is possible with present planes. The idea is to have the planes built by the different manufacturers to standard specifications for all lines.

This all grows out of a program started some time ago in the Aeronautical Chamber of Commerce. It set up subcommittees of maintenance, traffic, and operating men to correct some of the prevailing troubles. But the chamber was too much dominated by manufacturers, in the opinion of the airlines, which therefore walked out and set up their own organization, put their own maintenance, traffic, and operating committees to work, with headquarters in Chicago.

Formal announcement was made this week of the launching of Air Transport Association of America—with every scheduled airline a member—*e pluribus unum*. Also they have bought themselves a czar. Col. Edgar S. Gorrell, chief of staff of the air service during the World War, as president of A.T.A.A., is to be the Will Hays-Judge Landis of the air. He will undertake the coordination of airlines after the pattern of North Atlantic Steamship Conference.

Quick action followed the walkout in an arrangement on interchangeable mileage scrip (BW—Nov 30 '35). Now comes the idea of pooling specifications, with the implied objective of group-buying to reduce cost.

### Lines Bedeviled

This is a not unnatural result of the rapid obsolescence that has bedeviled the transport lines. Five years ago they were set up with three-motor Fords and Fokkers, when suddenly Boeing sprung its two-engine low-wing monoplane, which soon changed the transport situation. But within a year Douglas brought out a larger, faster model, which went into wide use, when along came a revised Boeing, and now a better Douglas is in the works.

So the new association is sort of an alliance for long-time planning. And already good progress is being made by the Air Line Maintenance Committee, working on a wide range of objectives. Meanwhile the Aeronautical Chamber of Commerce continues as the trade association of the manufacturers and includes in its membership the miscellaneous operators of charter planes, flying schools, and other services.

New interest in the much discussed poor man's flying flivver flared up with

the news from Detroit that the United States Bureau of Air Commerce had issued a license to the Ford Motor Co. for an experimental two-seater, cabin model of a small monoplane powered with a newly developed Ford V-8 engine. Characteristically, no details are admitted at the Ford plant, but the inspection record lists it as Model 15-P with dual controls, two fuel tanks holding 15 gal. each, giving an estimated cruising range of 500 miles. It has a compartment for 60 lb. of baggage.

Plymouth and Essex engines have also been converted for aircraft use. These are adaptations of standard automobile engines, tuned up to 4,000 r.p.m., with 2 to 1 gear reduction and magneto ignition, new carburetors, and aluminum heads. The fan is eliminated and the engine turned around rear end forward.

## TWA vs. United

**ICC rules Farley wrong; sets hearing on TWA's plan for new air express line to San Francisco.**

UP for argument before the Interstate Commerce Commission on Feb. 3 will come the question, "Just who has the right to haul air express and air passengers into and out of San Francisco?"

United Air Lines has the air mail contract for San Francisco by way of Salt Lake City and Oakland from the East, also flies Seattle-San Diego mail.

Transcontinental & Western Air carries the mail into Los Angeles, by way of Albuquerque from the East. But TWA stops there; it used to have a mail contract from Los Angeles to San Francisco and did not get a new one when the new ones were let (after the historic cancellation in 1934). Now TWA wants to carry passengers and express to San Francisco by opening a new line, branching off at Albuquerque.

### "No Line Which Competes"

The 1935 amendment to the air mail act, section 15, says: "After June 30, 1935, no air mail contractor shall be allowed to maintain passenger or express service off the line of his air mail route which in any way competes with passenger or express service available upon another air mail route."

Simple enough, says Postmaster-General Farley—TWA has no right to put a line into the bay area. His views are shared by American Airlines and Western Air Express, which also have terminals at Los Angeles.

TWA, however, stoutly stands by its



contention that the new line would not compete, within the meaning of the law, with any existing line. There is no line from Albuquerque to San Francisco. Therefore, TWA took the whole matter and dumped it into the lap of the ICC.

Farley couldn't see how the ICC entered the picture, and protested that that body had no authority to entertain the TWA petition, let alone rule on it. ICC decided it *did* have the right, despite the Postmaster-General's conviction.

At the hearing, the opposing airlines will center their fire on TWA, contending that the service would be competitive and would increase other lines' costs, thereby forcing them to charge more for carrying the mail. TWA's argument will be: There's no line from Albuquerque to San Francisco; why not start one?

## Jobs for Chains

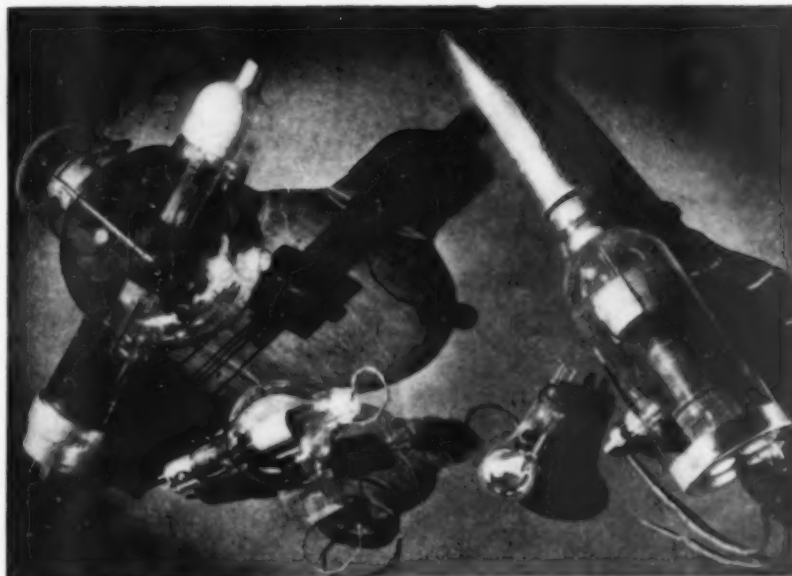
**Safety campaigns and tractors on rubber spell opportunity for manufacturers of tire chains.**

MANUFACTURERS of tire chains are pushing up their sales estimates for the winter and for all the year through. The safety campaigns sponsored by public officials and private organizations and backed by the automobile makers and other interests to bring down the high rate of deaths and injuries in motor accidents are increasing the use of tire chains on passenger cars, buses, and trucks. Furthermore, the industry is confident that the steadily growing use of rubber tires on farm tractors will contribute to the demand for chains.

Large makers of chains are taking advantage of the hue and cry over motor accidents by a national campaign to push the wearing qualities and safety features of their improved "bar-reinforced" chains. They are also stressing the results of tests made in safety work by the American Automobile Association which showed that chains on rear wheels stopped a car in 45.8% less distance, chains on all four wheels in 66.8% less distance, than when no chains were used by the driver.

What is encouraging to the chain industry in the development of rubber tires for tractors is that the business won't be seasonal. Farm tractors are used most of the year round under all sorts of tough going conditions that provide ammunition for chain salesmen.

Displayed at the Society of Automotive Engineers at Detroit this week was a Goodyear tractor tire with a 60-in. outside diameter and a cross-section 18 in. in diameter, equipped with an American Chain product that dwarfs the ordinary passenger car equipment. This big fellow is for road work.



## JUST TUBES

ONLY strange shapes of glass and metal! Yet it's the electron tube that gives radio its tongue, that brings to your fireside music played a thousand miles away.

It's the electron tube that leads ships through fog, guides airplanes through darkness, peers unwinkingly into white-hot crucibles, directs the surgeon's knife, and is becoming one of the greatest weapons against disease.

It tests the safety of castings and welds, matches the color of dress goods, and unerringly detects manufacturing errors that the human eye cannot discern.

A few years ago, it was only a laboratory device. Today, it is weaving an invisible network of service about man's daily life. Tomorrow, it will do things that were never done before.

Continual development in electron tubes is only one of the contributions made by G-E research—research that has saved the public from ten to one hundred dollars for every dollar it has earned for General Electric.

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# Merchandise in the Air

## Unification of ground auxiliaries through Railway Express Agency emphasizes growth of shipments by airplane. Fashion items, flowers speed service.

Air express poundage, which grew steadily through the depression, is expected to be further stimulated by unification of ground auxiliaries. On Feb. 1 the Railway Express Agency will begin direct pickup-and-delivery for 23 domestic lines and Pan American Airways in 215 cities of the United States, Canada, and all countries to the south. Through its air-rail service, all the agency's 23,000 offices become available to shippers.

The move has been under negotiation for months (*BW*—Jul 27 '35). In 1934 the express agency hooked in with Pan American. The resulting boost to package business on through bills-of-lading provided the agreement which brought other air companies into line. Of the big air carriers, only Transcontinental & Western Air remains outside the combination, being served at its terminals by what is left of General Air Express. Postal Telegraph messengers are the main transportation facilities of General Air, and observers wonder whether TWA can long compete with the nationally-complete vehicle and rail system of Railway Express Agency, which also has a tie-in with Western Union.

### Foiling Style Pirates

Items of timeliness and value make up the bulk of the air express shipments. Betterment of conditions, smart promotion are combining to increase tonnage in established categories, to send new items by air. Style goods rate highly perishable because of the ingenuity of style pirates. Air shipments help protect the store or individual who has paid fancy prices for Paris models or other originals.

Landed from a liner at New York, the dress (or hat or accessory) is rushed to an airport in secrecy, is flown to the distant buyer. The San Francisco or Seattle retailer who springs an advance showing of Schiaparelli models builds prestige and sales, can market originals at fantastic prices before style thieves flood the market with counterfeits. Extension of this device to wealth centers all over has helped the hinterland beauty keep abreast of her metropolitan sister in matters of fashion.

A breakdown by Railway Express Agency shows that such style goods increased from 3.27% of total number of air shipments in 1934, to 7% in 1935. An even greater rise (from .92% to 3.8%) was shown by cut flowers. Here, incidentally, is an ideal instance where air express extends markets. Wholesale prices of gardenias run about \$6 a doz.

in New York at the time of the year when they sell in Los Angeles for 60¢ per doz. Comparative prices on orchids are \$22 per doz. in New York, \$6 per doz. in California. Even with present high air-express rates, the California gardenia has a \$2.80 doz. wholesale advantage, the orchid a \$10 per doz. advantage, in New York.

The traffic extends to less snooty blossoms. Every month sees some varieties traveling from California to New York, Chicago, other Eastern towns. They include carnations, acacias, camellias, calla lilies. Also, the advantage is not confined to Pacific Coast producers. Violet growing is a considerable industry along the Hudson River. Here planes have enabled sellers to extend their radius. Flower retailers emphasize that air-shipped flowers arrive fresher and therefore last longer than rivals traveling by rail.

Railway Express check-up shows interesting comparisons of items that travel by air. Advertising leads. Including printed matter, electrotypes and matrices, the total in this classification was 25.6% of all shipments last year. Other important percentages were: valuable papers, 10%; news photographs, 9%; automotive parts, 7.2%. Films (including news reels) and papers (news and racing) both rose from around 5% in 1934 to 6% last year.

Transport companies are trying to build regular tonnage which travels by air because intrinsic qualifications enable

it to pay higher rates. Cut flowers and fashion goods show great promise. In this class are young chicks which fly to their destinies each spring; the speed of plane travel delivers them before feeding is necessary. Choice eggs for hatching are common cargo. One setting was flown from England to Australia. Traveling by air on the American leg of the journey, watch movements from Stuttgart, Germany, were delivered in Mexico City in eight days. Our Department of Agriculture ships colonies of parasites and wasps to combat insect pests in distant fields or orchards; those having short life cycles can thus be delivered to destinations before they change form.

### Emergencies Build Traffic

Such steady builders of traffic are contrasted with the "emergency" shipment which often gets the greater publicity. Emergency shipments have been estimated as high as 75% of the total. On a poundage basis this could be partly explained by the fact that when a piece of machinery is holding up a plant it may be economy to ship by air, no matter how much the part weighs. Thus a 24-lb. areoplane axle was flown from the Bellanca plant at Wilmington, Del., to Seattle whence it went by boat and rail to Fairbanks, Alaska. The 5,200 miles was covered in nine days. Human forgetfulness helps swell the total of emergency packages. Common items are misplaced eye-glasses and brief cases.

Air express in 1935 is estimated at 2,400,000 lb. Poundage of foreign air express is put at 1 million lb. The average package weighed 84 lb., average cost of expressage was 36¢ per lb., average haul was 800 miles. Express loads are now included in passenger planes but there is a possibility that present modernization of transport will put older ships into exclusive express service.



TYING 215 CITIES TOGETHER—L. O. Head signs as president of Railway Express, while representatives of a score of airlines look on, and the deed is done. A new international air and air-rail express system officially gets under way, linking 215 cities in North America with each other and with South America.



## MORE BUSINESS... BUT LESS REVENUE

Aggressive merchandising activities and improved industrial conditions have resulted in a greater use of electricity than ever before by customers of the Associated System. The average domestic customer used 31 kilowatt hours more in the first ten months of 1935 than for the same period of 1934. Electric output increased over 6 per cent, and gas output over 4 per cent for this ten months period over 1934.

Nevertheless, net revenue is less, due to increased taxes, rate cuts and the higher cost of doing business. Taxes have increased 65 per cent from 1930 to 1934. Operating expenses including fuel costs for the twelve months period ending October 31, 1935, were 7.4 per cent higher than the same period in 1934. Accounting and legal expenses necessary to comply with new Federal and State regulations will mean increased expenditures.

To offset these drains on revenue, even more aggressive merchandising activities will be put into effect in 1936.

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## Better Bearings

**Heavier demand on automobile engines leads research workers to cadmium-silver-copper alloy for bearings.**

PUBLIC demand for greater power and speed in motor cars has led to a sharp increase in recent years in the compression ratios and revolutions per minute (r.p.m.'s) of automobile engines. The average passenger car engine today develops 70% more power than 10 years ago, the r.p.m.'s have increased 27%. This means engine bearings must stand up under much more severe loads than formerly because of higher heats and speeds, which follow naturally as power is added.

Leading bearing makers have been carrying on intensive research in connection with high load capacity bearing materials, and one of these developments was mentioned briefly in the Dec. 21 issue of *Business Week*. In that article, however, the statement was made in error that Ford had abandoned the use of cadmium-silver-copper in V-8 connecting rod bearings. This material is being used as standard equipment by Ford, as well as by Graham-Paige, Pontiac, Autocar, Cummins Diesel, LeBlond Aircraft, and several other heavy-duty and aircraft engine builders.

Cadmium-silver-copper bearing material was developed by Federal-Mogul Corp., Detroit, in cooperation with the Battelle Memorial Institute, Columbus, O. Principal reasons for its adoption by the automotive industry include its greater factor of safety at high temperatures (it has a melting point 135 deg. higher than tin base babbitt) and the fact that it has higher physical properties than tin base metals at all operating temperatures. These characteristics are essential in a bearing material to hold its "strength" at the high operating speeds, high crankcase temperatures and high bearing loads experienced in the operation of modern engines.

## Consumers' Research Strike Ends

CONSUMERS' RESEARCH workers this week called off their four-month strike (*BW*—Sept. 7, Oct. 12 '35), set about looking for other jobs. One project on which it is reported a number of them may find employment is shaping up under the direction of the Association of Consumers' Research Subscribers, a group friendly to the union which is attempting to finance a rival service outfit to be known as National Consumers Union. Although Local 20055, Technical, Editorial, and Office Assistants Union, has abandoned picketing, the organization plans to continue soliciting the support of CR subscribers and fighting its case before the National Labor Relations Board.



**FIREWORKS—AND FACTS**—Twenty years have elapsed, but the days of 1915 and 1916, when America was edging toward war, are vivid again as Morgan records help the Senate Munitions Committee (left to right: Clark, Vandenberg, Barbour, Nye) trace the history of loans to the allies. In the crowd scene snapped during the hearing, one figure easily stands out: J. P. Morgan, himself.

## Fight Over Neutrality

**Senate divides into three camps. White House plan seems in lead. Nye's bill is more drastic. Johnson and Borah demand freedom of seas.**

DEBATE over the neutrality legislation has already divided the Senate into three groups.

The strongest bloc, and the one which may prevail, is backing the White House program, embodied in the Pittman-McReynolds bill (BW—Jan 11 '36). Essentials of this bill are the complete embargo on actual implements of war, limiting of other exports to some "normal" level, and granting of some discretion to the President in discriminating between attacked and aggressor.

The next strongest group just now is the one which backs the very drastic Nye program. Nye is desperately opposed to granting the President the discretion he wants. He would put the country in a straitjacket the moment war begins, leaving no possibility for any suspicion on the part of either belligerent that the United States was aiding its opponent.

The third group is still small but includes two of the ablest fighters in Congress, Senators Hiram Johnson and

William E. Borah, who believe in the "freedom of the seas." They insist that people either have the right to trade, or they have not. If they have, it is cowardly for the government to say that they must do so at their own risk, because it is obviously impossible for them to protect themselves.

Meanwhile, Nye's tax bill—to go into effect the moment war is declared—has almost been forgotten. Its sweeping share-the-wealth type of provisions frightened some people last fall, but there has come a general realization that what Congress might do now about a tax measure to go into effect when the United States should become involved in a war might not be very important when the contingency arose. No Congress can bind its successors, and the Congress which might be sitting when war was declared would not permit any legislation to stay on the books which it thought might hamper the successful prosecution of the war.

The cleavage of opinion now is based

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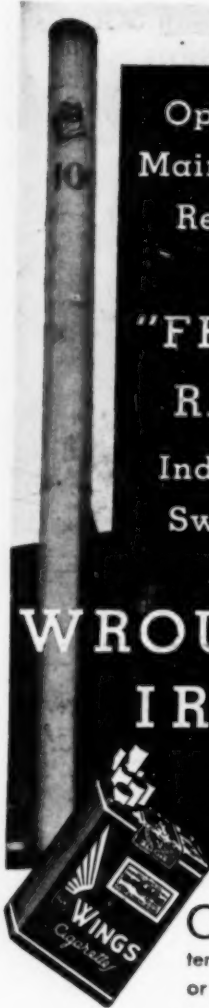
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on one question: Should aggressor and attacked be treated exactly alike? Nye says they must if the country is to keep out of war. The White House wins its following for the Pittman bill on the basis that we not only want to stay out of war, we want to prevent war. To refuse to supply the aggressor with our goods is one way of achieving this end

## President for Cuba

**Peaceful election and improved economic conditions push strong opposition into background.**

CUBA has elected a new President—Dr. Miguel Mariano Gomez—in the first general election since the overthrow of the Machado dictatorship and the first election in which women were allowed to vote. It will be some days before it is known whether the coalition of Republicans, Nationalists, and Liberals which elected him succeeded also in securing a majority of legislators.

It is uncertain what the election will mean to Cuba. On the surface, it was one of the most orderly Cuba can remember. Two million citizens are reported to have gone to the polls, more than half of them being women exercising their new suffrage. There still exists on the island a tremendous opposition to the present military dictatorship. No person thoroughly familiar with Cuba believes that it is dead.

### Economically Improved

Economically, Cuba is much better off than three years ago when Machado abdicated. Washington's program of admitting into the United States each year a fixed quantity of sugar, on which the tariff is drastically reduced, and of encouraging freer trade between the two countries, has greatly benefited Cuba. The island's exports to the United States increased from \$48 millions to nearly \$151 millions in one year.

This favorable economic trend was reflected in government income. As compared with regular budget appropriations of about \$42 millions for 1933-34, and \$55 millions for 1934-35, those for 1935-36 were fixed at \$65 millions.

Cuba's new government is confronted with a difficult labor situation at home. As far as the United States is concerned, one of its first problems after the constitution is revised will be consideration of the external debt service now in default. Early in 1934, the Cuban government stopped amortization payments on the so-called "public works" loans until government revenues should again exceed \$60 millions. The new budget authorizes resumption of some payments.

Present situation is stated by the well-informed Foreign Policy Association:

"The (recent) campaign has come to



**POWERFUL, QUIET**—The coalition back of Dr. Miguel Gomez, new Cuban president, not only demonstrated its power in winning but gained prestige by the orderly way in which it won.

be substantially a contest between the two old parties—Conservatives and Liberals—while the groups which sought a New Deal are outlawed. Their leaders have lost faith in democratic processes and plan armed revolution. . . . What prosperity Cuba today enjoys is largely the result of United States policy on sugar and trade. . . . If the fundamental purpose of (recent Washington) policy was to avoid prolonged civil warfare and danger to American enterprises, it may claim some success. The forces of protest have been driven underground—but whether to disappear or to reappear in more aggressive form, the future alone will decide."

## Credit for Moscow

**Paris has refused Russia a credit, even if it is spent in France, but Britain is considering a plan.**

Two things above all else won for Russia a welcome back into the family of nations two years ago—a huge military machine, and a respectable gold reserve. The astute Mr. Litvinov needed nothing further when he started to bargain the Soviet Union back into the inner circle.

Whatever weight various people place on the prediction in Moscow that the Soviets are going to surpass the Transvaal soon in the production of gold, there is little question that present output has reached impressive levels. The



conservative *Engineering & Mining Journal* places 1935 production somewhere between 5.9 and 6 million ounces, which, at \$35 an ounce, is worth considerably more than \$200 millions.

This fact is importantly behind recent rumors in both Paris and London of new credits for the Soviets. France seems to have already squelched a plan proposed by a few industrialists, that France advance credits to Moscow against orders which would be placed with large French industries.

#### Credits Mean Trade

In London, serious negotiations are under way, though it is still uncertain whether they will lead to a loan. The British have the same idea as the French. They want more Soviet business. They are already buying a lot of Soviet goods. They feel that they might win some large Soviet machinery contracts if they would extend additional trade credits. But, at the same time, the financial crowd and the holders of defaulted Czarist obligations are clamoring for recognition by Moscow of old debts.

The project actually under consideration is similar to a scheme which has been considered from time to time in the United States. The British are proposing that they make a large loan to the Soviets, to be spent entirely in Britain. Moscow is expected to pay, say, 7% for the credit. The British will pass the loan along to the public at about 3½%, and the difference will be used to amortize old Russian obligations, which will be reduced to some mutually agreed figure.

The hitch usually comes when it is necessary to settle on some figure at which old obligations will be wiped out. Creditors want it to be as large as possible. Moscow refuses to talk business except at some very low figure, for the first scheme will set a precedent for the settlement of all old Czarist obligations.

#### Germany Behind on Delivery

Meanwhile, the Soviets are utilizing a 200-million-mark credit extended by Germany last April against orders placed in Germany. The Soviets have used up only about 60% of it because, they claim, the Germans quote excessive prices on any goods which they wish to buy under the contract. There is also the problem of getting delivery on the machine tools they want because many of the German factories are working 24 hours a day on domestic military orders.

Nevertheless, the Russians are likely to place orders in Germany for the remaining 80 million marks of this credit before the offer expires on Apr. 1. German officials are embarrassed by this credit now that Moscow admits openly that all efforts are bent toward preparation to defend the Soviet Union against attack by Germany or Japan.

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## Wide Reading

**AMERICA NEEDS HOUSES.** Marc A. Rose. *Today*, Jan. 4. First of a series of four articles describing the shortage of homes which has developed in this country, the plans behind the new housing boom, the people who need homes and the very small percent who are able to buy them. For the executives of the building materials and household furnishing trades.

**STORE FRONTS AND SHOW WINDOWS.** *American Architect*, December. A checklist of many shops that reflect current practice in store front planning and design. Proper window sizes for various types of display, and how they should be lighted.

**BUILDING LOAD IN EUROPE BY LEASING APPLIANCES.** Davis M. DeBard. *Electrical World*, Dec. 21. England advances electrification by leasing appliances, adopting new rates. Results are encouraging, but slow compared to operations in this country.

**SOCIAL SECURITY WILL COST ABOUT \$811½ MILLIONS IN 1936.** H. Maynard Rees. *Annalist*, Dec. 13. Explanation, with a table of the distribution of costs and payments.

**AIR CONDITIONING.** *Architectural Forum*, December. Specific information on costs and systems for home air conditioning. Sample plans.

**97 MAJOR COUNTIES AND THEIR SALES POSSIBILITIES.** *Sales Management*, Jan. 1. More than 53% of all the nation's retail sales are made in the 97 counties which form the basis of this study. How many inhabitants paid income taxes; how much each family had to spend; what they paid for rent; how they spent their money.

**FURS.** *Fortune*, January. Story of the fur business; fur map of the world; details of trapping—and selling.

**AIR CONDITIONING UP 61% IN 1935.** *Electrical Merchandising*, January. Tells who installed air conditioning equipment in first nine months of 1935, size of selling staffs, number of engineers employed, how salesmen are compensated, number of dealers per central station. Facts concerning promotion media; proportion of sales on instalment plan, and time period allowed.

### SURVEYS—REPORTS

**REVIEW OF THE SILVER MARKET FOR 1935.** Handy & Harman, New York, 55 pp. What happened to silver in one of the most exciting years in its history.

**THE RELATION OF RADIO TO RURAL LIFE.** Edmund deS. Brunner. Published by The Radio Institute of the Audible Arts, 65 pp. What the stock ticker is to the broker, the radio has become to the farmer—an essential instrument in the conduct of his business.

**RETAIL PRICE CUTTING AND ITS CONTROL BY MANUFACTURERS.** Albert Haring. Ronald Press, 247 pp., \$3.50. A comprehensive treatment of the subject, reflecting wide knowledge of the legal and practical phases of the problem. Valuable to manufacturers who seek price stabilization.

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# Business Abroad

**Dollar is weak on European fears of further United States inflation. French parliament reassembles, renewing possibility of cabinet overthrow on new political issue. Britain is still threatened with miners' strike.**

A NEW wave of fear that the United States would be forced into further inflation by the AAA decision and the vote on the bonus pushed the dollar down on all European exchanges last week. The movement is temporary for developments in Europe in the next few months are not likely to stimulate greater confidence in domestic recovery than in the broader improvement which has taken place in the United States.

Since the military rapprochement between Britain and France, sentiment in both countries has improved. Further sanctions are likely to be discussed at Geneva next week, but there is small prospect that any move will be made to extend them. Collapse of the naval conference was no surprise.

At home, there is general satisfaction over Washington's new trade agreement with Switzerland, the tenth of the Roosevelt-Hull pacts under the new reciprocal trade program. The volume of business involved is not great, but concessions on both sides were made without affecting more than a few interests in either country.

Washington has agreed to bind at present rates or reduce duties on 59 items coming in from Switzerland. Nearly one-third are on watch movements, or parts, though there is a 29% duty reduction on two other important Swiss exports—Gruyere and Emmentaler cheeses. Rates are also reduced on certain Swiss chemical specialties and certain fine textiles.

Switzerland gives its most important

concessions to American farmers, and they are largely in the form of enlarged import quotas. Lard heads the list, the United States being given 90% of the import quota in return for the concessions on cheese. Other farm items include dried fruits and rice. Lumber, petroleum products, and automobiles get enlarged quotas in Switzerland.

Total American sales to Switzerland in 1934 came to about \$15 millions. Purchases were slightly less than \$11 millions.

## France

**Dollar weakness gives Paris opportunity to lower discount rate without threatening new gold loss. Mussolini's prestige dwindles.**

PARIS (*Wireless*)—French business paid more attention to economic and po-

litical developments in the United States than to any other single thing this week. The Supreme Court decisions and the vote for the bonus roused fears here that the dollar would be further devalued. Paris grasped the opportunity to lower the discount rate to 4% for the relief of both business and the treasury. Though the dollar has firmed only slightly, Europe is beginning to believe that it will not be devalued any time soon.

At home, all interest centered in the reassembly of parliament and the renewed fear that the Laval government will not be able to withstand the attacks of the opposition. Best guess in Paris now is that, should Laval fall, a new cabinet very similar to the present one would be formed, but with a leader whose personality is less strong than that of M. Laval. This attitude is understandable, for every party is fighting for a preferred position in the coming elections. Naturally, no single party wants to take over the government, and the more colorless the premier during the campaign, the greater the opportunity for various party leaders to shine.

The budget voted Dec. 31 amounts to about 40,450 billion francs. The total is nearly 7 billion francs below last year's total, which shows the effort at economy made by the present cabinet.

It has been estimated that government borrowing in 1935, because of insufficient tax receipts or of extraordinary financing (railroad deficit, support of the wheat market by bonuses, armaments, public works, assistance to the wine growers), amounted to 20 billion francs. Pessimists fear that next year the amount will be at least as high, or triple the provision made by the government.

Franco-British ties are becoming stronger since France agreed to a co-operative defense pact with Britain. Paris is convinced that the British will not push sanctions very hard at Geneva on Jan. 20, in spite of the determined attitude of Captain Eden, because it is coming to be generally known in Europe that Mussolini's personal prestige in Italy has suffered tremendously in the last few months and it is felt wise to do nothing to reunite home sympathies in his support.

## Great Britain

**Miners' strike still threatens. Bank of England builds gold reserves. Boom shifts from residential to industrial building.**

LONDON (*Cable*)—Business is making satisfactory progress, but there is some worry on the part of executives over the possibility of a coal strike before the end of the month. Coal miners have offered a five-year truce if their claim for two shillings a day increase is allowed.

The first 11 months of 1935 saw a wage increase on the net weekly figure of £175,000 in the full time pay of 2.2 million workers. This is the best increase in many years. It will be bettered in 1936 by wage increases to 750,000 mine workers and to 60,000 women



ONE "FIRST" FOR THE QUEEN MARY—Before she makes her maiden voyage, the giant liner *Queen Mary* has one championship—her propellers are the biggest ever cast. On the way to Southampton to be installed, the first 35-ton screw made by Manganese Bronze & Brass Co. of Millwall attracts a curious throng.



in the engineering industry. These figures cover industrial occupations only. The total advance must include £4 millions of restored cuts to civil servants and an unknown increase to white collar workers in private enterprise. The cost of living is higher than it was six months ago, but real wages are now better than in the record year of 1929.

The Bank of England has been adding to its gold over the last few months. At old par value, the cover is now £200 millions. If gold holdings were revalued at present prices, the cover would be over 80%. This growing reserve is in waiting against the day when a franc crisis may tend to drive the pound down in an international scurry of values. Important as Britain's export trade is, the main consideration is low cost raw materials and foodstuffs.

Politics is the chief influence making for business uncertainty just now. *Investors' Chronicle*—non-party, financial periodical of first class standing—remarked in its issue of Dec. 28: "The appointment of Mr. Anthony Eden as Foreign Secretary caused some surprise at home, but has been favorably received at Geneva. It must be admitted that in financial circles Mr. Eden's appointment is not unanimously approved and to this the weakness in gilt-edged stocks may be at least partly attributed. Mr. Eden's critics fully appreciate his good qualities and excellent intentions, but they feel that he is disposed to take idealistic rather than realistic views on international politics. Consequently they would have preferred a 'safer' appointment."

The building trades are looking forward to a continuance of prosperity, but the building boom in flats and houses is almost over. The new boom will be in industrial building financed under the government's development plan.

## Germany

**Franco-British military agreement worries Berlin. Many business benefits are expected from Olympic games. Japanese may compete.**

BERLIN (Cable)—Germany is uneasy over the new Franco-British agreement on military cooperation, but nothing is likely to be said to make an issue over it during the next few months.

Another cause for worry is rumors during the last few weeks that Paris will consider more seriously the still unsigned agreement with Moscow for mutual support in time of attack. So far, France has remained cool to the Soviets, but if a Leftist government is elected in the general elections not far away, this attitude may change.

The December increase in the number of unemployed by 520,000 is indicative of the slowing down of governmental expenditures, anticipated several months ago by *Business Week*.

Short-term creditors are due to meet in Berlin again on Feb. 3 to renew for the fifth time credits frozen in Germany in 1931 when the banking system collapsed. Americans estimate their com-

mitments under this agreement are now only 450 million marks, or about \$180 millions at current rates of exchange for free marks.

At this meeting, Germans will insist that interest rates be reduced further. They will also show that total obligations under these contracts have been cut from 1.7 billion to 1.4 billion marks during 1935. The crowds who are expected to attend the various contests in the Olympic games during 1936 are likely to create a heavy demand abroad for registered marks, which should increase the rate at which Germans are able to cut the principal.

### German Silk for Italian

The embargo on exports of most raw materials imposed in order to protect the German markets against depletion by Italian purchases does not permit Germany to derive any serious economic advantages from her position as a "sanctions outsider." It is of interest, however, that at least one branch of the Krefeld silk industry is benefiting in another way. Krefeld manufacturers of silk fabrics for neckties have booked large orders from London and Paris for the furnishing of material previously supplied by Milan. Some of the manufacturers whose business has been exceedingly slack of late are now working in two shifts.

According to a report published in the bulletin of the German Bureau of Foreign Commerce, the Japanese are actively preparing for the Olympic games and are anxious to secure their share of the business benefits.

In Gifu, center of the Japanese oil-cloth industry, two paper manufacturers have received orders for the manufacture of 300,000 waterproofed paper overcoats and hats, both adorned with the five interconnected circles of the Olympic symbol. These are to be sold at the Berlin games in July, 1936. According to the German report, the manufacturing cost is 14 to 20 sen (4½ to 5½ cents) per set.

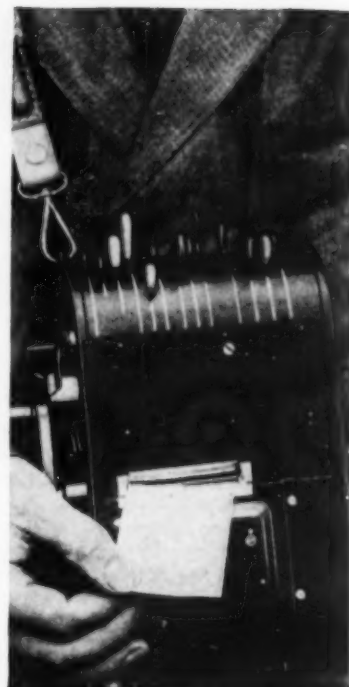
This speculative venture may prove a failure for two reasons. First, rain is rare in Berlin in July. Second, the early disclosure of the plan may urge the Germans to take appropriate measures to prevent the importation of this article, especially as they claim a monopoly on business profits that may result from the Berlin Olympia.

## Canada

**Dominion creates National Finance Council to aid provincial refunding. Mining will be encouraged by new legislation.**

OTTAWA—The Dominion Finance Minister in conference in Ottawa this week with the provincial treasurers agreed on a plan to set up a National Finance Council to supervise federal and provincial matters, particularly those relating to finance.

Not all details are yet released but it is known that Ottawa agreed to guarantee new refunding operations for



**TRANSFER?**—Berlin streetcar conductors don't have to carry a punch—this gadget turns out transfers correctly dated, timed, and checked with route to be followed.

those provinces which require it, providing the province is willing to have its finances supervised by a sub loan council composed of the federal Finance Minister, the governor of the Bank of Canada, and a representative of the province.

### Ottawa Guarantees Loans

A battle has raged over this supervision of provincial affairs by the federal government. Like the individual states, Canada's provinces had certain rights reserved for them when the Dominion government was set up. The Dominion government, on the other hand, is unwilling to guarantee provincial loans without some power to secure the national treasury against loss under the guarantee. The present scheme seemed to encroach least on the rights of the provinces while at the same time providing a means of putting the finances of all parts of the Dominion in order in the shortest possible time.

Alberta, not without reluctance in accepting federal supervision, received at once a \$2-million government loan to meet obligations maturing this week. Other Western provinces, which together have borrowed nearly \$100 millions from the Ottawa government to maintain interest payments on their bonded indebtedness, are expected to utilize the new facilities.

As a further result of the December conferences of provincial premiers with the new King government, federal and provincial mines ministers are in session here this week seeking agreement on taxation relief for the mining industry.

Although it is already expanding and flourishing, it is desired to encourage the industry so that it may contribute still more to national wealth. One aim of this week's meeting is a five-year holiday in changes in mining taxation. An approach to uniformity as between provinces is also sought. The federal government already has relinquished much of its taxation on mines and their production. Ontario, Quebec, and Manitoba are represented at this week's meeting.

Evident reluctance of Social Credit leaders to get together on the business of setting up a Social Credit scheme for the province of Alberta is reaching the stage of a national joke. Alberta elected a Social Credit government last August but is no nearer a Social Credit setup now than then. Major Douglas, British originator of Social Credit, is under contract to act as adviser to the Alberta government but has not been called in since the election. Instead, Premier Aberhart has as adviser a Montreal financial man. Periodically, Aberhart announces he has summoned Douglas to come from England, and as often Douglas denies he has been invited to resume his duties. Generally it develops the summons has not been definite. Latest explanation is that Aberhart doesn't want Douglas around until after the provincial legislature has had a chance to tackle its problem itself. Both Douglas and Aberhart clearly are still unwilling to face together the problem of the practical application of Social Credit.

## Soviet Union

**Moscow votes \$3 billion defense budget, increases imports of raw materials and food products, and makes large purchases in Japan.**

Moscow (Cable) — Threatened by the Japanese along their Far Eastern bor-

ders, by Germany and Poland in the west, and unable to get the French to sign a year-old treaty guaranteeing military cooperation if either is attacked, the Soviet government this week decided on a course of military self-reliance and voted the largest military budget in Russian history to carry out their plans. Out of a total budget of 78½ billion rubles, 14.8 billions (roughly \$3 billions) will be spent for defense.

For more than a year, the Soviets have been buying vast quantities of machine tools abroad, as much to make themselves self-sufficient in the production of war materials as to develop their industries and railroads. Britain, Germany, and the United States have received the largest orders.

### Big Rubber Imports

Raw materials, however are again becoming an important item of import. Large rubber imports recently are thought to be part of a plan to build up reserve supplies of raw materials lacking within the country. Other items are a part of the new policy of the government rapidly to improve living conditions, build up internal morale. Recently, the Foreign Trade Commissariat promised the public that not only would exports of food products and other consumer goods be curtailed so as to build up domestic supplies, but imports would be enlarged. Evidence that this plan will be carried out appears in December foreign trade figures. During the last two weeks of the old year, 15,000 bbl. of Dutch herrings were received at Soviet ports, along with 40 tons of Guatemala coffee, 50 tons of Ceylon and Java tea, and 25,000 cases of Jaffa oranges and lemons. In addition, it has been announced that \$650,000 worth of cocoa beans were imported by the Soviets in 1935.

Soviet economists insist the country's improved economic position opens a market for increased imports, with consumers' goods and raw materials providing the bulk of the purchases, rather

than machinery. It is a change in trend which has become apparent only in the last 12 months and is attracting attention of a new group of exporters in Europe and the United States.

## Far East

**Tokyo plans currency bloc in Far East. Pacific fisheries cause fresh friction between Tokyo and Moscow. Russians complete big payment-in-kind orders in Japan.**

THE important Japanese newspaper, *Nichi Nichi*, made this significant statement recently of government policy toward China:

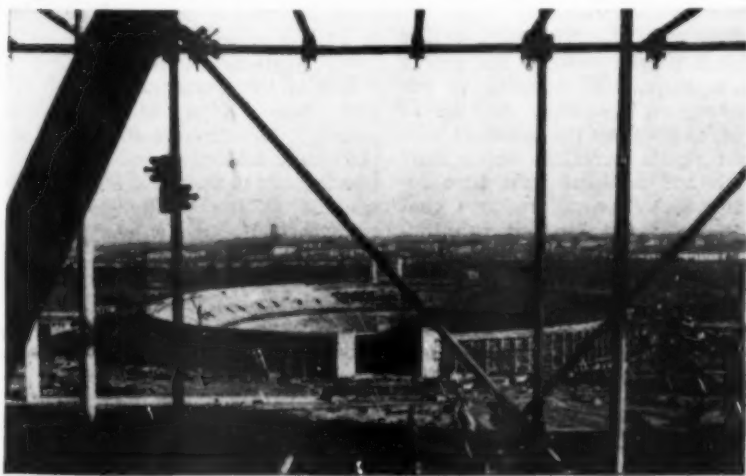
"Eventually, Japan, China, and Manchukuo are destined to organize a gold standard bloc, but before this materializes, China must go through a temporary period of getting rid of the silver standard. During this period it may be necessary for Japanese banks in China to establish silver accounts ranging from \$6 millions to \$12 millions for readjusting the exchange rate between China and Japan."

One important source of friction between the Soviet Union and Japan was removed last year when Moscow agreed to sell Russia's share in the Chinese Eastern Railroad to Japanese interests. Another cause of friction remains: the fishing rights in Soviet Pacific waters which have been worked for years under contract by the Japanese but which the Soviets recently have been developing for themselves. In 1925, Japanese interests worked 85% of the salmon grounds in these waters, while Russians operated in only 15% of the region. Though the number of areas which have been leased to the Japanese has increased, the Soviets have developed so many themselves that they now control 50% of the salmon areas. In the crab grounds, Japan's share has dropped from 77% in 1925 to only 35% last year. Friction is bitter each time these licenses come up for renewal.

### Russia Buys in Japan

The Soviet trade delegation which has been stationed in Tokyo to buy Japanese goods to the amount of ¥93.3 millions as part payment-in-kind for Russia's share of the Chinese Eastern Railroad in Manchukuo, has practically completed its purchases. Orders have been divided as follows: food products and consumer's goods, 18% of total; raw materials and semi-finished goods, 20%; building materials, 22%; machinery, 18%; and ships, 21%. Deliveries will be made over a period of three years from the date of the sale of the railroad.

Japanese firms have already delivered to the Soviet Union goods to the value of ¥24 millions. Commenting on the progress of purchases of these materials, *Pravda*, official organ of the Soviet government, declared that activities of the Soviet trade delegation in Tokyo have increased the possibilities of future extension of Soviet buying in Japan.



**TO WELCOME THE WORLD**—Germany has spent millions of marks in her preparations for the Olympic games this year, and expects to reap a harvest of trade incidental to the throngs of visitors from the United States and other countries. The summer stadium (shown from nearby tower) is now completed.

## Retailers' Rally

**Program ready for National Retail Dry Goods Association convention. New credit study out.**

BEGINNING Monday, Jan. 20, the National Retail Dry Goods Association holds its Silver Jubilee convention at the Hotel Pennsylvania, New York. The program calls for 35 meetings and 150 speakers.

Much of the talk among the financial and credit managers will center around the phenomenal upswing in credit buying that took place in 1935 and the many varieties of special accounts or terms that different stores are offering to attract more business (*BW*—Nov 16 '35). Focal point of their consideration will be the exhaustive study of trends in retail credit sales made by J. Anton Hagios, manager, Credit Management Division of N.R.D.G.A.

### Charge Accounts Increase

This study includes reports on straight 30-day charge and deferred payment accounts of approximately 100 department stores. Of these only 12 stores reported a decline in the number of new 30-day charge accounts opened in 1935 and 70 reported increases.

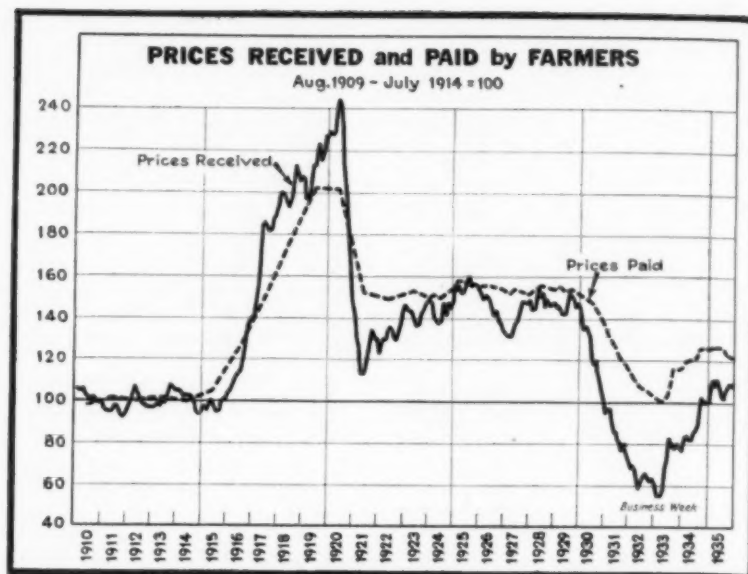
In the East one store doing less than \$2 millions annually opened 3,050 new accounts in 1935 against only 603 in 1934, while two others in the \$5-million class practically doubled their 1934 score. Among the Mid-Western stores, 50% increases in new accounts were not uncommon, while the increases in dollar sales volume of charge accounts ranged up to 20%. In the Far West general increases were less spectacular, but one store in the \$5-million volume class increased the number of new charge accounts by 15% and charge sales volume by 31.4%, while another in the \$10-million class boosted new accounts nearly 30% and sales 17.3%.

### Restricted Instalment Definition

The study also covers instalment accounts, defining these as any arrangement involving a carrying charge, thereby excluding the many thousands of accounts that stores have attracted by offering 3-monthly-payment plans on wearing apparel or so-called "income charge accounts" for workers.

Several stores reported remarkable increases in instalment accounts. In the Eastern group some stores doubled, one store trebled such accounts, and increases in dollar volume ranged all the way up to 69%.

Those who favor a conservative credit policy for retail stores question the value of any sales stimulating activity that reaches into the credit department for assistance. They contend that losses on accounts secured through special offers or terms will run substantially heavier than those sustained on normal terms.



## Here's "Alloy Oil"

**Atlantic Refining Co. laboratory offers another recruit to automotive revolution calling for stronger lubricating oils.**

LUBRICATING oil has staged another "revolution." There have been many such in the past two years. Each has been the joint product of chemical research and advertising ingenuity. And in these revolutions everybody benefits.

This time the Atlantic Refining Co. announces an "alloy" oil, three times greater in film strength than the average pure petroleum product. It is a development, they say, like the invention of steel, when in the search for a stronger iron, an alloy was produced that created not better iron but a better metal. It is another step in the struggle of the oil refineries to keep up with the increasing demands of the motor car.

Higher speed of moving parts, smaller clearances, heavier pressures, and greater heat in engines all combine to put more stress on lubrication. And the oil companies have met the challenge with various developments, in which their research and technical staffs have co-operated with chemical producers, consulting engineers, and equipment manufacturers to find some method of obtaining a higher viscosity index, a greater resistance to oxidation or sludging, low carbon-forming tendencies, better performance in cold weather, and a reduced rate of consumption.

Several notable advances have resulted, based on the idea of adding something to oil, for example, adding small quantities of vegetable or fatty oils and improving the paraffinicity, to use the chemists' long and lovely word. Other lines of attack have been by hydrogenation, by solvent extraction,

and by aluminum chloride or fuming sulphuric acid treatment. Standard Oil of New Jersey, Tide Water, Union, Shell, Standard of Indiana, Atlantic, and Socony Vacuum have all been active in research and introduced "revolutionary" improvements through the past few years (*BW*—Nov 3 '34; Dec 8 '34).

Atlantic now reports the successful outcome of a four-year research to increase film strength, through the discovery that a non-chlorinated ester of phosphoric acid, when properly combined in small quantities with petroleum, would produce a motor lubricant capable of bearing pressures of 15,000 lb. per square inch. After long experiment and laboratory work, the company has recently conducted a road test on this new lubricant out of Toms River, N. J. Six stock cars—two Chevrolets, two Fords, and two Plymouths—were driven 100,000 miles over the public roads 24 hours a day, for five months, by amateur drivers.

### Statistical Prophecies

Out of this experience Atlantic has now produced a "petroleum alloy" containing 99% petroleum and 1% of the phosphoric acid ester, and the experts' tests indicate to them that it will reduce wear in an average high-compression motor by 40%, at the point of most severe wear. Whereupon the Atlantic statistician goes into a trance and estimates that this should cut the national motor upkeep cost by \$50 millions and perhaps open the way to progressive changes in motor design and the use of more economical materials, with cheaper car operation and a broader market in prospect.

And chemicals, test-tubes, stock cars, and the open road being available to all, the battle of the oily alloys now begins. Scenery and costumes by this and that advertising agency.



# Money and the Markets

INFLATION is a dodo to the financial community. That is, inflation from currency dilution. Bank reserves are just as big and potent as ever, and so recognized. But a shower of developments, the like of which would have sent shivers up the spines of all conservative financial interests a year ago, are practically disregarded now. These are:

(1) An open-end federal budget for 1937, proposing anything from \$1 billion to \$3 billions for the deficit, has been thrown a couple billion more out of kilter by the AAA decision and the bonus. Secretary of Treasury Morgenthau predicts a \$5.5-billion increase in government debt by July 1, 1937.

(2) The Committee of the Nation has come to life and taken up again the \$41.34 gold-price agitation.

(3) President Roosevelt proclaimed that the emergency still existed, thus extending the \$2-billion stabilization fund another year, and keeping the power to cut the dollar to 50¢ that much longer.

(4) The gold-clause controversy is in the news again because several suits were run in just under the six-month deadline set last summer on suits for gold payment.

(5) There are mysterious goings-on in silver.

(6) Dollars have dropped in foreign exchange almost to the outward gold shipment point.

Nervousness about the dollar was restricted to foreign soil, however. Almost everyone here would be glad to see Europe recall gold, preferably, of course, because of recovered confidence in their currencies instead of fear for ours. But if Europe wants to take the Committee of the Nation seriously, attaches much significance to the stabilization fund proclamation, and really gets back some gold in consequence, that much good will have been done.

The President's emergency proclamation was taken for granted here, on the ground that he wants the leeway for horse-trading purposes in the eventual stabilization conferences.

The Treasury's money problems look

like just some more piling up of bank deposits and of credit expansion potentialities.

Knowing more about possibilities in silver would be desirable. It is hard to believe that the silver crowd will persist in the face of their program's disastrous failure, but talk continues about cooperating with Mexico and China in an attempt at symmetrism—the establishment of currency on fixed percentages of gold and silver. There is this much fire under the smoke—the Treasury is buying Mexican and Chinese silver, presumably above the open market, which has broken again.

## A Lot of New Financing

Resumption of new financing occurred this week in heavy volume. These were among the larger issues to be offered: Canadian Government, \$48 millions; Wheeling Steel, \$35 millions; West Penn Power, \$27 millions. New York City sold a \$25-million block of corporate stock. The rush of business included a generous sprinkling of moderate-sized municipals. More industrials and utilities are on the way, the market is good, and underwriters are pleased.

Stock and bond markets jumped into the week with vigor and ran into profit-taking for their trouble, but no spirits were dampened, as far as could be made out in financial circles. The stock market characterized its own atmosphere with the sale of a membership at \$170,000, a new high since early 1934, and up \$15,000 from the last sale.

## This Ruling Helped Cotton

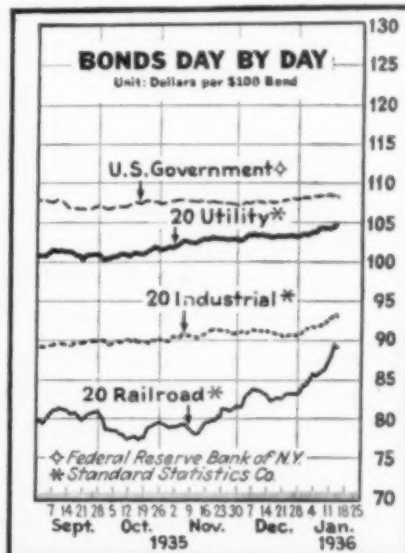
Dismissal of the suit against the Bankhead act naturally strengthened the cotton market, since it suggested that production control would be continued unchanged until definitely knocked out by a decision, no matter how certain the eventual knocking out might appear.

Nevertheless, the strengthening was not of deep importance. For one thing Governor Talmadge's suit against the Bankhead act on behalf of Georgia is approaching action, and may bring the expected ruling. For another, the South is not likely to hold off an expansion of acreage merely because of the continued technical existence of the law. All planters must believe that long before a crop is ready for ginning, the law will be out. Hence the race is now for a substitute form of control that can be invoked within the next month to catch cotton planters before they put the crop in the ground. Chances for success in this effort depend on congressional speed.

## Millers Sit Pretty Tight

The flour milling trade evidently outsmarted the speculative trade in wheat by refusing to loosen up with copious buying of cash wheat immediately after the AAA decision. Some expansion of buying was noted, but for the most part the cash grain and speculative people were disappointed to find the millers coy and coquettish about new business, having probably come to the conclusion that to rush into the market would be to push prices up on themselves.

As a result, grain prices have been drifting downward modestly. A spokesman for the Farmers National Grain Corp., pet and former agency of the government, did his best to depress prices even further by venturing a prediction at Washington that it would not surprise him to see wheat lose 30 or 40 cents a bushel in the next few months. This bear, however, made no impression on the grain trade, first because the supply-demand situation is too strong to warrant such pessimism, and second because the Farmers National favors the com-





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modity exchange bill and the gratuitous prophecy sounded very much like a plug for that measure.

### Bullish Bonus Plan

Government bond markets think the Senate's baby bond bonus plan has bullish potentialities, and they are relieved about it. As the bonds would be non-negotiable and non-assignable, the chance that a quantity of messy, odd-size bonds would mix in with the regular markets is removed. Also the bond plan involves no new financing to swell the total that the government will be asking for, anyway.

These are reassuring points, and there is already evidence that buying, largely institutional, of government obligations, which has been held off in fear that the government would have to borrow to pay the bonus, is being unharnessed. Of course, if the veterans were to move in a body to the post office the day after receiving their bonds and cash in, the Treasury's working balance would be so heavily burdened that financing would be a prompt necessity anyhow. But this possibility is not a serious one.

The bonds would drift in, undoubtedly, but at a sufficiently slow pace to obviate any sudden trouble with Secretary Morgenthau's pocketbook. Consequently both the government and investment markets regard the baby bond plan as superior to other means of payment.

### Banks and Their Profits

This week the reports of the big guns in the banking world for 1935 developed two themes: first, that it is getting tougher and tougher to earn a profit in the banking business; and, second, that special reserves set up to care for writing down of bad assets in recent years are returning home to the surplus account.

In New York, reflecting, as was outlined by some chairmen, the fact that average return from all types of securities and loans took a nosedive in 1935, Chase reported \$15 millions operating profits against \$16 millions in 1934; National City, \$13 millions against \$15 millions; Guaranty Trust, \$13 millions against \$21 millions; and Bankers Trust, \$8 millions against \$11 millions. There were exceptions to the general decline, Manufacturers Trust and Chemical Bank & Trust, among others, showing higher earnings.

Westward the Continental-Illinois in Chicago earned \$10 millions, compared with 4 millions, the First National of Chicago held about even with 1934, and on the Pacific Coast the Bank of America jumped to \$16 millions from \$11 millions.

Deposits at the year-end were substantially higher in practically every case, compared with the previous Dec. 31, Chase going over \$2 billions and Continental-Illinois and Bank of America stepping up above \$1 billion.

### Sauce for Brokers—and Bankers

Federal Reserve agents and a good many member and non-member banks were reading this week a letter from the Federal Reserve Board asking for comments on proposed regulation of bank loans on securities. Two plans were ten-

tatively presented for consideration, the first of which was a duplication of the regulations that now govern loans by brokers to their customers, and the second a simplified version of the same.

Both plans are designed to bring the bankers and the brokers under the same restrictions concerning advance of credit on listed securities. The Reserve Board, although it doesn't say so, is afraid that excess bank reserves could, if banks continued to be allowed unhampered extension of stock market credit, start a roaring bull market in stocks even though brokers were strictly limited in the extension of margins.

If both banks and brokers are kept under restrictions, the board feels that the stock market can be kept in hand. At present customers of brokers must put up 25% to 45%, but customers of banks need put up only what the banker's judgment requires of them. Bank loans on securities are about three times the total of brokers' loans.

### SEC Up to High Court

J. Edward Jones, the New York oil royalties dealer who has been waging an apparently single-handed fight against the Securities and Exchange Commission, is up in the big time now. His suit attacking the constitutionality of SEC is in the Supreme Court, and this week the government informed the court that it would be delighted to have the constitutionality feature tried out.

This is the first appearance of SEC in the high court. J. Edward Jones' several legal representatives have been ruled against in lower courts on minor issues, but this time the heart of the matter is whether or not SEC has been delegated more than a constitutional measure of power in its authority to require registration of all new security issues to be offered to the public.

Jones last year applied for registration for a block of trust participation certificates, but when SEC wanted him to tell more about them, he withdrew the application. SEC was not willing to let it go at that and subpoenaed him to testify at a hearing. The present case ensued.

### AAA Decision Jolts Prices

The AAA decision in the Hoosac Mill case, while not upsetting price structures to nearly the degree that alarmists had prophesied, was somewhat more brutal with the general run of prices than the NRA crack-up. In the week of the AAA decision the comprehensive Bureau of Labor wholesale price index was brought down from 80.9 to 80.5, whereas in the corresponding week of the NRA decision there was a decrease of 0.1 of a point.

Foods were the worst hit this time, declining 1.2 points, with farm products off almost as much. Two other groups out of a total of ten were lowered, one remained stationary, and the remaining five, led by hides and leather products, advanced moderately.

After NRA there was further decline for several weeks following the week of the decision. The AAA aftermath may not follow this pattern at all, since some commodities which were upset are developing recuperative powers.

# Editorially Speaking—

Now every income-tax payer is required to file two copies of his return, so that one may be inspected by state and local officials. Saves work for government clerks. But this is exactly the kind of work that a lot of unemployed people incapable of hard labor are qualified to do. There's a lack of proper coordination between the Treasury and the WPA.

It's 50 years since the Westinghouse Electric & Manufacturing Co. was founded. Its first catalogue listed 13 items; there are hundreds of thousands in its catalogues nowadays. One of the brilliant successes of Westinghouse was its triumphant advocacy of the alternating current system, which at first was considered impracticable. Another triumph was the harnessing of Niagara Falls. In the latest of its 50 years it built two of the largest waterwheel generators in the world, for Boulder Dam. For news of its progress in the next 50 years, see *Business Week*, Jan. 18, 1986.

ONE of the persons in a group picture in last week's issue of *Business Week* was Senator John H. Bankhead. When readers turned the page they found a picture of two representatives, one of them Majority Leader Bankhead. He's William H., brother of John, and both brothers live in Jasper, Ala. William, if you care about such things, is the father of Tallulah Bankhead, for whom movie fans didn't care very much when she went to Hollywood after a great success on the English stage.

IN Washington a man who said he was a Kansas City insurance agent cashed some checks that bounced back with a notation that the bank didn't exist. It closed nine years ago but maybe the check-passer doesn't know about it, having been on the road all that time cashing checks.

WE'RE told by C. A. Tilt, president of the Diamond T Motor Car Co., that the increased comfort of motor-truck drivers is one important reason why there has been no increase in their rate of fatal accidents during the past eight years, while the rate for passenger cars has increased two-fifths. In the old days, Mr. Tilt says, the truck-driver "was lucky if he got a windshield in front of him," but now he sits in a well-designed cab and has an excellent windshield, a well-upholstered seat, arm rests, foot-controlled headlights, easy steering apparatus, highly efficient brakes, and compartments for his gloves, order-book, cigarettes, and so on. Treated decently, he naturally responds with careful driving. Of course, he responds best when he's

not worked a prodigious number of hours at a stretch

THE government is paying a round-trip travel bill of \$220,000 for the members of Congress. So what? All the congressional expenses, including salaries, clerk hire, and the most extreme use of the franking privilege, don't amount to a drop in the budget bucket. Congressional economy is a good thing, but that does not mean that Congress should be sneered at because it costs money. An alert and conscientious member is worth all his expenses many times over.

Perhaps the puppet parliaments of Russia, Italy, and Germany cost less in routine expenses than the American Congress, but that calculation leaves out of account such things as liberty and life—not to mention the enormous expense of foolish wars. As in Ethiopia.

NOBODY who has ever taken a moment to observe the sanitary methods of bartenders will be astonished at the statement of Dr. Don Chalmers Lyons, before the Society of American Bacteriologists, that the bacteria of trench mouth and even more dangerous diseases have been found in unusually large numbers on the rims of presumably clean glasses in saloons. There's a lot of trench mouth going through the country nowadays. But in a saloon you aren't supposed to care about trench mouth. It's bad form to be fussy over sanitation when engaged in serious conviviality.

SEEMS as if the Liberty League instead of the Democratic Party ought to hold its convention in Philadelphia. We've been sitting back here, trying to remember the war-time song:

Liberty Bell, it's time to ring again.  
Tum tum, tiddy ump, tiddy ump ump,  
We're in the same sort of fix, we  
were in seventy-six  
And we're ready to [something] and  
rally 'round you  
Like we did before.  
Oh, Liberty Bell, your song is needed  
now—

Which is about as far as we can get at the moment. Anyhow it's a safe bet that "Liberty Bell" will be the theme-song of the Democrats at Philadelphia and during the election campaign, as "The Sidewalks of New York" was in '28. If the Republican leaders are smart they'll beat the Democrats to the punch by singing "Liberty Bell" at their own, earlier convention, in Cleveland.

SOME of the new baby oils have been denting the talcum powder market. No fond papa, so far as we know, has yet tried them on his face after shaving.



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JANUARY 18, 1936

## Publicity for Salaries

Few people enjoy having their personal affairs spread abroad. The right of privacy was violated when personal income-tax returns were made public a few years ago, and instantly there was such great and widespread resentment that Congress stopped the practice. For the same reason Congress hurriedly repealed the "pink slip" provision last year before it could become fully effective. The question of personal privacy has risen again, this time linked up with the question of corporate publicity.

The House Ways and Means Committee has made public every corporate salary of \$15,000 or more. In all, 18,000 persons have discovered that their salaries are open to public inspection. Many of them have been printed in the newspapers, and the general feeling of the goldfish is dismay and anger.

Yet it should be recognized that there is a difference between opening up a man's whole income and revealing his salary for the information of the stockholders of his corporation. A corporate officer is only the servant of the stockholders. They are his employers. An employer should know what he is paying his employees. It is not anybody else's business. Neither taxpayers, insurance solicitors, creditors, nor neighbors have any right to the information.

The ideal way would be to inform the stockholders without informing the public, but in the cases of widely owned corporations that is obviously impossible.

When stockholders learn what they are paying their officers, they can then decide for themselves whether the salaries are earned. The mere amount of a salary does not answer that question. If the difference between two corporations, one of which is growing, prospering, and gaining leadership of its industry, while the other slips constantly downward, is the difference between competent and incompetent management, then the difference in salaries should be large.

In a few industries there are special circumstances affecting the whole level of salaries. The moving-picture industry is a case in point. The salaries of stars are determined by their box-office value. It is a reasonable arrangement. The public pays to see

Fred Astaire, Greta Garbo, and Mae West, and whether you like or dislike any of them or all of them, they are entitled to salaries proportioned to their drawing power. But when an actress is getting half a million a year, the president of the company is naturally dissatisfied with a mere \$100,000. So he gets a lot more, and inevitably the whole level of salaries in the corporation moves up, so that directors, cameramen, and supervisors are ridiculously overpaid.

But whether salaries are deserved or not, stockholders should know what they are. Perhaps the most practicable compromise would be to publish the few top salaries of the corporation, instead of going all the way down to \$15,000, as the present law does. This method would provide the most information compatible with the least infringement of privacy. If the heads of a corporation are not overpaid, it is a fair inference that the lesser executives are not.

## Keeping WPA Workers From Private Jobs

Works Progress Administrator Hopkins has ruled that employees on WPA projects shall be encouraged to accept temporary private employment, with the promise of getting their WPA jobs back when the private job terminates. This is all to the good, because it answers the valid objections of workers to temporary private jobs.

But Mr. Hopkins also says that WPA will not ask workers to accept jobs that do not pay "a standard or going rate of wages" or that are "in conflict with established union relationships." If this means that workers will not be pressed to take strike-breaking jobs, there will be no very strong objection. But if WPA affirmatively tries to keep workers from accepting nonunion jobs in a partly unionized industry, it is using

the taxpayers' money to strengthen unions.

It is doing so, too, when it insists on the "going rate of wages." In most cases this will mean a fictitious union rate, not actually paid by private employers. It is Mr. Hopkins' duty to get men back on private pay-rolls at wages they can live on. This will encourage business and stimulate recovery, bringing wages up.

## Boomerang Effect Of Anti-Chain Laws

Much of the stimulus for anti-chain legislation has come from some wholesalers' organizations. Perhaps they have succeeded too well for their own good. The United Drug Co., which not only owns the Liggett chain but has long sold its Rexall brand of drugs to independent retailers, branched out two years ago by establishing a wholesale house which sold all lines of drugs. This project succeeded so well that the company is now adding more wholesale houses. Besides, the Great Atlantic & Pacific Tea Co. has recently indicated that in anti-chain states it may sell its stores to the managers and then serve those stores as a wholesaler. Conceivably, the A.&P. might later branch out as a wholesaler to other food retailers.

This is an unpleasant state of affairs for wholesalers. All of them should now be able to perceive that when you disturb the normal balance of the business mechanism in order to accomplish a given result, you may find that the mechanism is upset in other particulars too. Anti-chain legislation in a score of states is intended to protect the independent retailer, and, indirectly, the wholesaler. In some states the taxes are crushing. The Iowa tax, for example, may amount to three times the earnings of the average store. If such legislation is sustained by the courts, the chains will alter their structure and find some other means of getting goods cheaply to the public.

There is one way for independents to protect themselves. Chains have big overheads. It has been conclusively proved that vigorous and intelligent retailers and wholesalers can match their prices.

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